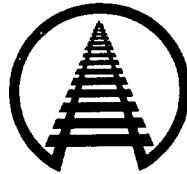


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ASSOCIATION
OF AMERICAN
RAILROADS



September 5, 2006

Craig F. Rockey
Vice President - Policy & Economics

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board, Room 711
1925 K Street, N.W.
Washington, DC 20423-0001

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Office of Proceedings

SEP 05 2006

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Public Record

Dear Mr. Williams:

This submission is the AAR forecast of the fourth quarter 2006 All-Inclusive Index and Rail-Cost Adjustment Factor, filed in Ex Parte No. 290 (Sub-No. 5) (2006-4) *Quarterly Rail Adjustment Factor*. The versions of RCAF-related indices covered in this filing are: the All-Inclusive Index (initiated in the second quarter 1985), the Unadjusted RCAF (produced since October 1982), the Adjusted RCAF (first published in the second quarter of 1989), and the RCAF-5 (created by the STB in its Ex Parte No. 290 (Sub-No. 7) decision served October 3, 1996). The table below summarizes the fourth quarter 2006 results on the fourth quarter 2002 base, and shows the percentage changes from the previous quarter.

	<u>2006Q3</u>	<u>2006Q4</u>	<u>% Change</u>
All-Inclusive Index	119.7	122.4	2.3
Preliminary RCAF	1.197	1.224	2.3
Forecast Error Adjustment	-0.005	0.026	
RCAF (Unadjusted)	1.192	1.250	4.9
Productivity Adjustment Factor	2.1061	2.1160	
RCAF (Adjusted)	0.566	0.591	4.4
PAF-5	2.2087	2.2246	
RCAF-5	0.540	0.562	4.1

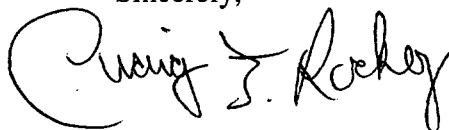
Page 2

September 5, 2006

In its October 3, 1996 decision in Ex Parte No. 290 (Sub-No. 7), *Productivity Adjustment - Implementation*, the STB noted its intent to publish, in addition to the RCAF (Unadjusted) and RCAF (Adjusted), an RCAF-5 (i.e., a calculation of the productivity adjusted RCAF values as if the agency had always used a 5-year rolling average to calculate the productivity adjustment). In response to a request by STB staff, the AAR is including a calculation of the RCAF-5 in its quarterly RCAF filing. The AAR and its members, however, do not believe the publication of a third RCAF index is required or permitted by the applicable statute (49 U.S.C. § 10708) and do not endorse its publication.

Two copies of the quarterly non-proprietary workpapers underlying this submission are filed herewith, in accordance with the ICC's order in Ex Parte No. 290 (Sub-No. 2), *Railroad Cost Recovery Procedures*, served February 8, 1990. A third copy of the working papers has been delivered to Jeff Warren in the STB office handling this proceeding. All workpapers are available for STB inspection. Questions should be directed to me or Clyde Crimmel (202 639-2309) of this office.

Sincerely,

A handwritten signature in black ink, reading "Craig F. Rockey". The signature is written in a cursive, flowing style. The first name "Craig" is written with a large, sweeping initial "C". The last name "Rockey" is written with a large, sweeping initial "R".

Craig F. Rockey

Attachments



**Fourth Quarter 2006
All-Inclusive Index**

Ex Parte No. 290 (Sub-No. 5) (2006-4)

**Quarterly Rail Cost Adjustment Factor
Surface Transportation Board**

**Policy and Economics Department
Association of American Railroads**

September 5, 2006

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Introduction

On January 2, 1985, the Interstate Commerce Commission (ICC) [now the Surface Transportation Board (STB)] adopted the All-Inclusive Index of Railroad Costs as the basis for the Rail Cost Adjustment Factor (RCAF). The quarterly projection of railroad costs, as documented herein, employs the All-Inclusive Index as required by the regulations. Also presented in this submission is the RCAF, both Adjusted and Unadjusted, as required by the ICC in its decision in Ex Parte No. 290 (Sub-No. 4), *Rail Cost Recovery Procedures - Productivity Adjustment*, served March 24, 1989. In addition, the AAR has included (but does not endorse) the RCAF-5, which was instituted by an STB decision served October 3, 1996 in Ex Parte No. 290 (Sub-No. 7), *Productivity Adjustment - Implementation*. This quarter's projection of railroad costs is for the fourth quarter 2006.

Index Weights

In the Ex Parte No. 290 (Sub-No. 2) final rules, issued in April 1981, the Interstate Commerce Commission mandated that the weights of each major cost component be updated annually. These "external" weights are calculated using data from Schedules 410 and 210 of the R-1 annual report filed with the Surface Transportation Board by the Class I railroads. The weights are typically updated with the fourth quarter projection.

The previous (2004) weights were used for the fourth quarter of 2005 through the third quarter of 2006. Beginning with the fourth quarter of 2006, the 2005 weights are used. As those familiar with the U.S. economy in 2005 would expect; Fuel, Materials & Supplies, and Interest all increased their weight – especially Fuel. Depreciation also increased in weight. Fuel's expense increase was larger than all others combined, and on a percentage increase basis, Fuel expense grew by nearly 43 percent. Labor, despite a 5.6 percent increase in the amount of expenses, decreased as a percentage of total expenses. The 2005 (current) and 2004 (previous) weights are shown below.

RCAF Weights		
	Previous 2004	Current 2005
Labor	36.0 %	35.3 %
Fuel	12.1	16.0
Materials & Supplies	4.4	4.6
Equipment Rents	8.9	8.2
Depreciation	10.6	11.1
Interest	3.0	3.1
Other	25.0	21.7

Reweightings of the index is accomplished by calculating both the current quarter (normally the fourth) and prior (normally the third) quarter indexes with the new weights. The relative change between the two quarters is then multiplied times the prior quarter (usually the third) *linked* index. Use of this method ensures that the weight change, by itself, does not cause a change in the level of the All-Inclusive Index.

Internal weights in the labor and equipment rents components are updated at the same time as the external weights. When these weights are changed, they are also linked using the procedure described above in order to eliminate the effect of the change in weighting.

All-Inclusive Index

Fourth Quarter 2006

The components and values of the current and previous All-Inclusive Indexes are shown below. Details of the construction of each component of the index are contained in the Appendices.

	2005 Weights	Forecast		Percent Change
		Previous 2006Q3	Current 2006Q4	
1. Labor	35.3%	292.1	293.0	0.3 %
2. Fuel	16.0%	265.2	287.0	8.2
3. M&S	4.6%	197.2	204.3	3.6
4. Equipment Rents	8.2%	187.3	189.5	1.2
5. Depreciation	11.1%	191.9	190.6	-0.7
6. Interest	3.1%	92.7	96.9	4.5
7. Other	21.7%	186.3	190.9	2.5
8. Weighted Average				
a. 1980 = 100		234.6	239.9	
b. 1980 = 100 (linked)		230.0	235.2 ¹	
c. 4Q02 = 100		119.7	122.4 ²	2.3

Note: The 234.6 weighted average for 2006Q3 is recalculated with 2005 weights to eliminate any changes in the fourth quarter index that would be caused by changing weights. The original figure with 2004 weights is 232.3.

¹ To calculate the 1980 = 100 Linked Index:

$$\begin{aligned} \text{Index}_{80} &= (\text{Current Index} / \text{Previous Index}) * \text{the Previous Quarter Linked Index} \\ &= 239.9 \quad \text{divided by} \quad 234.6 \quad \text{times} \quad 230.0 \\ &= 235.2 \end{aligned}$$

² To calculate the 4Q02 = 100 index:

$$\begin{aligned} \text{Index}_{4Q02} &= (\text{Current Linked Index} / 4Q02 \text{ Linking Factor}) * 100 \\ &= 235.2 \quad \text{divided by} \quad 192.1 \quad \text{times} \quad 100 \\ &= 122.4 \end{aligned}$$

$$4Q97 \text{ based index} = 135.8$$

$$4Q92 \text{ based index} = 149.9$$

$$4Q87 \text{ based index} = 177.9$$

Forecast vs. Actual All-Inclusive Index Second Quarter 2006

As shown below, the second quarter actual index of 119.1 is 2.6 index points above the forecast value of 116.5. Therefore, the forecast error adjustment for the fourth quarter 2006 is 2.6 index points.

	2004 Weights	Second Quarter 2006		Amt Difference
		Forecast	Actual	
1. Labor	36.0%	292.5	292.5	
2. Fuel	12.1%	227.9	252.8	
3. M&S	4.4%	187.5	187.5	
4. Equipment Rents ¹	8.9%	186.8	187.1	
5. Depreciation	10.6%	180.9	188.1	
6. Interest	3.0%	92.7	92.7	
7. Other	25.0%	185.3	185.7	
8. Weighted Average				
a. 1980 = 100		226.0	229.9	
b. 1980 = 100 (linked)		223.8	228.7 ²	
c. 4Q02 = 100 ³		116.5	119.1	2.6

Forecast error → 2.6 index points

	2004 Weights	Second Quarter 2006	
		Forecast	Actual
Car-Hire	51.0%	177.0	176.5
Lease Rentals	49.0%	185.3	185.7
Weighted Average		181.1	181.0
Weighted Average (linked)		186.8	187.1

² Linked actual index = (actual index / previous actual index) x previous linked actual index.

$$228.7 = 229.9 / 224.3 \times 223.1$$

³ The 4Q02 based indexes are 1980 based indexes divided by the 4Q02 linking factor (192.1/100).
 4Q97 based indexes are the 1980 based indexes divided by the 4Q97 linking factor (173.2/100).
 4Q92 based indexes are the 1980 based indexes divided by the 4Q92 linking factor (156.9/100).

Productivity

On January 26, 2006, the Surface Transportation Board (STB) served a decision in Ex Parte 290 (Sub-No. 4) which added the year 2004 to the Productivity Adjustment Factor (PAF) and deleted the year 1999. This creates an average annual productivity for 2000 through 2004 of 1.9 percent – a decrease from the 1999 through 2003 average of 2.9 percent. The 1.9 percent matches the figure used three years prior. The components of this average annual value are shown on the following table. Productivity changes are calculated by dividing the output index by the input index. The average annual rate is calculated by multiplying each of the five productivity changes together and taking the result to the one fifth power. The quarterly productivity adjustment factors (PAF) are calculated by increasing the previous quarter's PAF by quarterly versions of the annual rate which are the fourth root of the average annual growth rate. The difference between the PAF and the PAF-5 is the timing of the 5-year productivity trend.

Comparison of Output, Input, & Productivity

2000 - 2004

Year	Output Index (1)	Input Index (2)	Productivity ¹ Changes (3)
2000	1.029	0.953	1.079
2001	0.971	0.955	1.016
2002	1.012	1.006	1.006
2003	1.039	1.020	1.019
2004	1.033	1.057	0.977
Average			1.019
Previous Average (1999-2003)			1.029

¹ The values shown in Column 3 are based on full float calculations and may not exactly match numbers calculated using the rounded numbers displayed in Columns 1 and 2.

Calculation of PAF and PAF-5

For 2000-2004 use fourth root of avg. productivity change 1.0047
 For 1999-2003 use fourth root of previous avg. change 1.0072

Quarter	Year	PAF	PAF-5	
Q1	2006	2.0864	2.1772	← 1999-2003
Q2	2006	2.0962	2.1929	←
Q3	2006	2.1061	2.2087	←
Q4	2006	2.1160	2.2246	← 2000-2004
Q1	2007	2.1259	2.2351	

Rail Cost Adjustment Factor

Fourth Quarter 2006

Four RCAF values are presented in this filing. Two of the indexes, the All-Inclusive Index and the Unadjusted RCAF, are not modified for productivity, while the Adjusted RCAF and the RCAF-5 incorporate a productivity calculation. The All-Inclusive Index and all four RCAF values, plus the percent change for each, are shown below.

	Previous 2006Q3	Current 2006Q4	Percent Change
All-Inclusive Index ¹	119.7	122.4	2.3
Preliminary RCAF ²	1.197	1.224	2.3
Forecast Error Adjustment ³	<u>-0.005</u>	<u>0.026</u>	
RCAF (Unadjusted) ⁴	1.192	1.250	4.9
Productivity Adjustment Factor ⁵	2.1061	2.1160	
RCAF (Adjusted) ⁶	0.566	0.591	4.4
PAF-5 ⁷	2.2087	2.2246	
RCAF-5 ⁸	0.540	0.562	4.1

¹ See All-Inclusive Index on page 3.

² All-Inclusive Index divided by the All-Inclusive Index in the base period (100.0).

³ The current figure is from Forecast vs. Actual All-Inclusive Index in this filing (page 4). The previous quarter figure is shown in a similar section of the previous quarter's filing.

⁴ Preliminary RCAF plus the forecast error adjustment.

⁵ See Productivity on page 5.

⁶ RCAF (Unadjusted) divided by the Productivity Adjustment Factor (PAF).

⁷ See Productivity on page 5.

⁸ RCAF (Unadjusted) divided by the PAF-5.

Appendixes

Labor

Fourth Quarter 2006

The fourth quarter 2006 Labor Index is forecast to increase 0.3 percent, caused mostly by rebenchmarking to 2005 annual report and wage statistics data.

Rebenchmarking: Rebenchmarking, as well as updating the internal weights (i.e., the proportion of labor costs represented by wages and supplements, respectively), is reflected each year in the fourth quarter filing. The 2005 data underlying the fourth quarter rebenchmarking are obtained from the railroads' 112-Class Wage Statistics and the railroads' R-1 Annual Reports (including railroad revisions through June 30) to the Surface Transportation Board. The source for the wage and supplements internal weights, like the external weights, is the R-1 Annual Report Summary.

Wage Index

The Wage Index portion of the Labor Index is forecast to decrease 0.5 percent. Rebenchmarking had a net impact of no change on a percentage basis. The complete amortization and removal of a significant back pay amount caused the decrease.

Wage Increases: Independent COLA increases were added for one railroad, adding \$0.002 to the wage rate. No other changes were made to the base wage rate.

Lump Sums: Rebenchmarking, combined with the complete amortization and removal of one lump sum amount, caused a small decrease in the lump sum rate.

Back Pay: The back pay rate decreased significantly because of the complete amortization and removal of an amount relating to last year's new national agreement with the International Association of Machinists and Aerospace Workers (IAM). [Appendix H contains common railroad and union abbreviations.]

Other: Other wages contains the amortization of a profit sharing payment that the BNSF Railway makes each year to its dispatchers, yardmasters, and engineers. The current amortization is for a profit sharing payment made in early 2006 for performance in 2005. The small change in the rate was caused by rebenchmarking.

Supplements Index

Rebenchmarking is the major cause for the Supplements Index to increase 1.6 percent.

Health & Welfare: The Health & Welfare hourly rate increased \$0.107 entirely because of rebenchmarking to more recent data.

Labor Fourth Quarter 2006

Railroad Retirement: Rebenchmarking caused the 1.4 percent increase in the Railroad Retirement and Medicare hourly rate. The impact of rebenchmarking was higher than 1.4 percent, but it was partially offset by lower taxable earnings that were mostly related to the complete amortization and removal of the IAM back pay.

Unemployment Insurance: The Unemployment Insurance rate increased \$0.003 because of rebenchmarking.

Other: The "Other" category is a reflection of all other fringe benefits, and currently contains employer contributions to employee 401(k) accounts, plus employer contributions to employee stock plans that are recorded as fringe benefits. Rebenchmarking caused a slight decrease to this hourly rate. The remaining decrease was a result of the lower employer contributions.

Labor Index Calculation

As shown in Table A-1 on the next page, the 0.5 percent decrease in the Wage Index and the 1.6 percent increase in the Supplements Index had a combined effect of a 0.3 percent increase in the Labor Index. The linked fourth quarter 2006 index of 293.0 is determined by multiplying the third quarter linked index of 292.1 times the change between the fourth quarter labor index (303.5) and a third quarter labor index (302.6) recalculated using the original third quarter wages and supplements indexes weighted with the new 2005 weights. This method eliminates changes caused by the new weights, but captures changes caused by rebenchmarking. The purpose of the center "Updated to Reflect..." column in table A-1 is only to enable the reader to discern the impact of rebenchmarking.

Labor
Fourth Quarter 2006
Table A-1 Labor Index

	2006Q3		2006Q4	
	Used in Previous Index Filing	Updated to Reflect 2005 Actual Data	Based on 2005 Data	Pct Chg From Prev. Filing
Base Wage – Straight Time & Pay For Time Not Worked	\$29.518	\$29.519	\$29.521	0.0%
Adjustments:				
Lump Sum	0.099	0.097	0.096	-3.0%
Back Pay	0.163	0.159	0.016	-90.2%
Other	0.165	0.161	0.161	-2.4%
Total Wages	<u>\$29.945</u>	<u>\$29.936</u>	<u>29.794</u>	-0.5%
Health & Welfare Benefits	5.024	5.131	5.131	2.1%
RR Retirement & Medicare	6.203	6.312	6.291	1.4%
Unemployment Insurance	0.170	0.173	0.173	1.8%
Other	0.081	0.079	0.063	-22.2%
Total Supplements	<u>\$11.478</u>	<u>\$11.695</u>	<u>\$11.658</u>	1.6%
Total Labor	\$41.423	\$41.631	\$41.452	
Wage Index¹	256.3	256.2	255.0	-0.5%
Supplements Index²	424.2	432.2	430.8	1.6%
Total labor Index, 2004 Weights³	303.0			
Total labor Index, 2005 Weights⁴	302.6	304.8	303.5	
Labor Index (linked)⁵	292.1		293.0	0.3%

¹ 1980 wage rate \$11.685

² 1980 supplements rate \$2.706

³ 2004 weights: wages, supplements 72.2% 27.8%

⁴ 2005 weights: wages, supplements 72.4% 27.6%

⁵ 2006Q4 linked Index = 2006Q3_{linked} X (2006Q4_{WT2005} / 2006Q3_{WT2005})
= 292.1 x 303.5 / 302.6

Fuel

Fourth Quarter 2006

The forecast for fuel is based on: (1) a survey of railroad fuel purchasing officers concerning current price and volume levels, (2) expectations of railroad purchasing officers based on their own forecast models and discussions with their major suppliers, and (3) a consensus of petroleum industry experts and general business publications.

July 2006 railroad locomotive diesel fuel prices were at their second highest monthly average ever, surpassed only by the October 2005 peak of the post-hurricane spike. During August, crude oil* prices advanced to record price levels as Alaskan oil production was cut because of pipeline leaks. Later in the month, oil prices declined back under \$70 as Israel and Hizbollah stopped fighting in Lebanon, and the summer driving season neared completion. However, the Energy Administration believes that supply disruption in Nigeria, concerns about disruption in supply elsewhere (including Iran), and September's peak in the hurricane season are all factors that should keep crude oil prices from significant declines. In addition, global demand for distillates** has been strong. The strong global demand, combined with domestic seasonal demand related to the upcoming winter heating oil season, should keep October locomotive fuel prices higher than they were in July.

The railroads believe that October (fourth quarter) locomotive diesel fuel prices will be 5.1 percent higher than the July (third quarter) level actually experienced. Because the third quarter fuel forecast was too low, the forecast of a 5.1 percent increase from the actual average price is the equivalent of an 8.2 percent increase from the third quarter forecast.

Forecast Fuel Index	287.0
Change from previous quarter forecast	8.2%
Change from previous quarter actual	5.1%

* Diesel fuel used by locomotives is made from refined crude oil, and therefore has some price correlation.

** Heating oil and locomotive diesel fuel are part of a group of closely related products, commonly labeled as distillates, that differ mostly by their sulfur content. Because of these similarities, these fuels are produced together and have similar pricing trends.

Materials & Supplies

Fourth Quarter 2006

The Materials & Supplies Index increased 3.6 percent from the third quarter of 2006. Regional ballast purchases and higher prices for rail were major contributors to the increase.

2006Q4 Materials & Supplies Index = 204.3

2006Q3 Materials & Supplies Index = 197.2

Difference	7.1 basis points
	or
	3.6 %

Equipment Rents

Fourth Quarter 2006

The Equipment Rents Index consists of two components – car hire and lease rentals. The methodology used to create these two components and the final Equipment Rents Index are explained below.

Car Hire

The car hire component is indexed using data from the Car Hire Accounting Rate Master (CHARM) file. Car hire rates for the forecast quarter are estimated based on data for the most recent month available. For the first quarter, December 1 of the previous year is used. For the second, third and fourth quarters; March 1, June 1, and September 1 are used, respectively. Using data retrieved from the latest CHARM file, an average rate per car is developed. Next, those average rates are grouped into car type categories to create an overall summary of car hire rates. The summary rates are then compared from quarter to quarter to determine the Car Hire Index.

Lease Rentals

The lease rentals portion of the Equipment Rents Index uses the Producer Price Index for Industrial Commodities less Fuel and Related Products and Power (PPI-LF). The Commission adopted this surrogate in its decision served March 13, 1987. The AAR uses six years of historical data to derive its forecast for the PPI-LF. The forecast is used not only for lease rentals, but also for the "Other" component of the All-Inclusive Index. Appendix G discusses the forecast in more detail.

Equipment Rent Index Calculation

The table below calculates the Equipment Rents Index and features new weights based on 2005. To eliminate any changes caused by new weights, the third quarter weighted average (but not the linked value) has been recalculated using the new weights. The original third quarter weighted average using 2004 weights is 181.6. The Car Hire portion of the Index decreased slightly as rate decreases for privately-owned cars other than covered hoppers and tank cars outweighed rate increases for privately-owned tank car rates. A 2.5 percent increase in the PPI-LF used as a proxy for Lease Rentals combined with the decrease in the Car Hire Index caused the overall Equipment Rent Index to rise 1.2 percent.

	2005 Weight	2006Q3	2006Q4	Percent Change
Car Hire	49.2%	177.0	176.5	-0.3 %
Lease Rentals	50.8%	186.3	190.9	2.5
Weighted Average		181.7	183.8	1.2
Weighted Average (Linked)		187.3	189.5	1.2

Depreciation

Fourth Quarter 2006

The Producer Price Index for Railroad Equipment (PPI-RE) is used to index depreciation expense. The PPI-RE is forecast using an ARIMA process on 6 years of monthly data (a sample size of 72) with the most recent available monthly data being the first month of the quarter prior to the forecast quarter. For a first quarter forecast, the most recent month of data available would be for October of the prior year. For a second quarter forecast, January would normally be the most recent monthly data available. April and July would be the most recent months available for third and fourth quarter forecasts, respectively. The output from the forecast model is shown on page 2 of this appendix for 1982=100. The figure forecast by the model reflects monthly PPI-RE figures that have not been showing a consistent trend, making forecasts difficult. The monthly PPI-RE figure for June was up, while the July figure was lower. The fourth quarter forecast is 0.7 percent lower than the previous quarter's forecast

Forecast of Depreciation Index (1982=100)	172.3
Forecast of Depreciation Index (1980=100)	190.6
Change from previous quarter forecast	-0.7%
Change from actual first month of previous quarter	1.8%
Change from same quarter of prior year (actual)	6.2%

Depreciation

Fourth Quarter 2006

PPI RAIL EQUIPMENT

Recommended model: Exponential Smoothing

Forecast Model for PPIRE

Holt exponential smoothing: Linear trend, No seasonality

Confidence limits proportional to level

Component	Smoothing Weight	Final Value
Level	0.99994	169.30
Trend	0.10547	0.74911

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 144.2	Standard deviation 12.21
R-square 0.9908	Adjusted R-square 0.9907
Durbin-Watson 1.708	** Ljung-Box(18)=39.38 P=0.9975
Forecast error 1.179	BIC 1.234
MAPE 0.004385	RMSE 1.162
MAD 0.6679	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2006-02	165.500
2006-03	168.200
2006-04	169.100
2006-05	169.500
2006-06	171.400
2006-07	169.300

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2006-08	167.424	170.049	172.675
2006-09	166.885	170.798	174.712
2006-10	166.675	171.548	176.420
2006-11	166.625	172.297	177.968
2006-12	166.675	173.046	179.417
QTR AVG	166.658	172.297	177.935
2007-01	166.794	173.795	180.796
2007-02	166.965	174.544	182.123
2007-03	167.177	175.293	183.409

Interest

Fourth Quarter 2006

The Interstate Commerce Commission, in its decision served February 28, 1989, revised the All-Inclusive Index methodology to include a specific interest component, which is to track changes in the average interest rate from year to year. The interest rate is essentially the embedded cost of debt, i.e., total interest expense divided by average total long term debt. The interest rate is calculated for the most recent year and used until the next year's figures are available. Typically in the fourth quarter filing, the interest rate is updated to the new level. The source for interest expense is Schedule 210, column b, from the R-1 annual report. The lines used from current R-1 annual reports are listed below. The source for average total debt is Schedule 200 from the R-1 annual report. The sums of data from columns b and c (ending and beginning balances) are combined and divided by 2 to compute an average balance. The line numbers are listed below. Beginning with fourth quarter 2006, the Interest Index is based on data for 2005.

Interest Expense (Schedule 210)

Line	
42	Total Fixed Charges
44	Contingent Interest
less	
22	Release of Premium on Funded Debt

Average Total Debt (Schedule 200)

Line	
30	Current Loans and Notes Payable
39	Equipment Obligations and Other Long Term Debt Due Within One Year
41	Funded Debt Unmatured - Non-Current
42	Equipment Obligations - Non-Current
43	Capitalized Lease Obligations - Non-Current
44	Debt in Default - Non-Current
45	Accounts Payable: Affiliated Companies - Non-Current
46	Unamortized Debt Premium - Non-Current

2005	Interest Rate	7.61%
1980	Interest Rate	7.85%
2006Q4	Interest Index	96.9
2006Q3	Interest Index	92.7
	Percent Change	4.5%

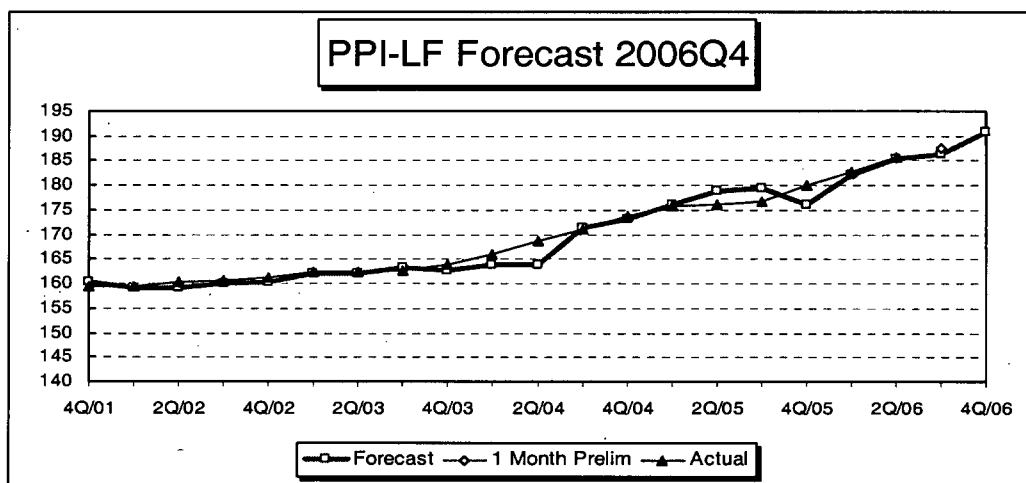
Other Expenses

Fourth Quarter 2006

The Producer Price Index for Industrial Commodities less Fuel and Related Products and Power (PPI-LF) is used to index purchased services, casualties and insurance, loss and damage, taxes (other than income and payroll), general and administrative expenses, and lease rentals. These expenses, when grouped together, are usually called "Other" expenses.

Like the PPI-RE, the PPI-LF is forecast using an ARIMA process on 6 years of monthly data (a sample size of 72) with the most recent available monthly data being the first month of the quarter prior to the forecast quarter. For a first quarter forecast, the most recent month of data available would be for October of the prior year. For a second quarter forecast, January would normally be the most recent month available. April and July would be the most recent months available for third and fourth quarter forecasts respectively. The output from the forecast model is shown on page 2 of this appendix for 1982=100. The figure forecast by the model reflects monthly PPI-LF figures that have been increasing at higher rates. The monthly figures for May, June, and July all increased at an annual rate above five percent.

Forecast of Other Expense Index (1982=100)	170.3
Forecast of Other Expense Index (1980=100)	190.9
Change from previous quarter forecast	2.5%
Change from actual first month of previous quarter	1.8%
Change from same quarter of prior year (actual)	5.9%



Other Expenses

Fourth Quarter 2006

PPI INDUSTRIAL COMMODITIES LESS FUEL AND RELATED PRODUCTS AND POWER

Recommended model: Box-Jenkins

Forecast Model for PPILF

ARIMA(1,1,0)*(0,1,1) with log transform

Term	Coefficient	Std. Error	t-Statistic	Significance
a[1]	0.6430	0.1001	6.4212	1.0000
B[12]	0.7893	0.0575	13.7222	1.0000

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 5.006	Standard deviation 0.05048
R-square 0.9981	Adjusted R-square 0.9981
Durbin-Watson 2.283	Ljung-Box(18)=21.47 P=0.7434
Forecast error 0.002224	BIC 0.3474
MAPE 0.001512	RMSE 0.3324
MAD 0.2277	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2006-02	163.200
2006-03	163.800
2006-04	164.300
2006-05	165.800
2006-06	166.600
2006-07	167.300

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2006-08	167.137	167.932	168.732
2006-09	167.246	168.781	170.330
2006-10	167.793	170.051	172.341
2006-11	167.408	170.335	173.313
2006-12	166.987	170.529	174.146
QTR AVG	167.396	170.305	173.267

2007-01	167.350	171.477	175.705
2007-02	167.443	172.106	176.900
2007-03	167.539	172.702	178.025

Railroad and Union Abbreviations

Fourth Quarter 2006

Railroads

BLE	Bessemer & Lake Erie Railroad (Part of CN's Grand Trunk Corp.)
BNSF	BNSF Railway Company
CC	Chicago, Central & Pacific (Part of CN's Grand Trunk Corp. Sometimes noted as CC&P.)
CN	Canadian National Railway (Commonly known as CN, owns Grand Trunk Corporation.)
CNGT	AAR's abbreviation for Grand Trunk Corporation (Almost all of CN's U.S. operations.)
CP	Canadian Pacific Railway (Also noted as CPR. Owns the U.S. Class I railroad Soo Line.)
CSX	CSX Transportation
DMIR	Duluth, Missabe & Iron Range Company (Part of CN's Grand Trunk Corp.)
DWP	Duluth, Winnipeg & Pacific Railway (Part of CN's Grand Trunk Corp.)
GTW	Grand Trunk Western Railroad (Part of CN's Grand Trunk Corp.)
IC	Illinois Central Railroad (Part of CN's Grand Trunk Corp.)
KCS	Kansas City Southern Railway
NS	Norfolk Southern Combined Railroad Subsidiaries (a.k.a. Norfolk Southern Railway or NS Rail)
SOO	Soo Line Railroad (Canadian Pacific Railway's western U.S. operations.)
SSAM	Sault Saint Marie Bridge Company (Part of CN's Grand Trunk Corp.)
UP	Union Pacific Railroad
WC	Wisconsin Central and subsidiaries (Part of CN's Grand Trunk Corp.)

Major Unions Involved with Railroads

ATDA	American Train Dispatchers Association
BLET	Brotherhood of Locomotive Engineers and Trainmen Division of the International Brotherhood of Teamsters
BMWED	Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters
BRS	Brotherhood of Railroad Signalmen
IAM	International Association of Machinists and Aerospace Workers
IBBM	International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers
IBEW	International Brotherhood of Electrical Workers
NCFO	National Conference of Firemen and Oilers
SMW	Sheet Metal Workers' International Association
TCU	Transportation Communication International Union
TCU-Carmen	Brotherhood of Railway Carmen Division of the Transportation Communications International Union
UTU	United Transportation Union
UTU-Yard	United Transportation Union Yardmaster Department (also noted as UTU-YMD)

Predecessor Unions (Some AAR databases use these old abbreviations.)

BLE	Brotherhood of Locomotive Engineers (predecessor to BLET)
BMWED	Brotherhood of Maintenance of Way Employees (predecessor to BMWED)
BRC	Brotherhood of Railway Carmen (predecessor to TCU-Carmen)
IBFO	International Brotherhood of Firemen and Oilers (predecessor to NCFO)

Workpapers Sent to STB for 2006 Q4 RCAF

September 5, 2006

1. Index Calculation Spreadsheet (index_calc.xls, 2 pages)
2. Summary (of ST and PFTNW Hourly Rates) (Q4 and rebenchmarked Q3)
3. Taxable wages calculation (Q4 and rebenchmarked Q3)
4. National Contracts spreadsheet, 2 sections (2 and 5 pages)
5. National Increase Applicability and U.S. 2005 Benchmark spreadsheets
6. National Contracts COLA information from NRLC (4 pages)
7. Wall Street Journal - 3 month Treasury Bill Rate
8. 2006/Q3 RCAF Lump Sum Amortization (3 pages)
9. 2006/Q4 RCAF Back Pay Amortization (4 pages)
10. Health & Welfare 2006Q4 worksheet (3 pages)
11. 5 Pages of H&W employer and employee contribution info from NRLC
12. Rebenchmarked Health & Welfare 2006Q3 worksheet (3 pages)
13. Railroad Retirement spreadsheet (5 pages)
14. Unemployment Ins. worksheet for Q3 & Q4, 1-page memo for rate, 1 page from RRB
15. Two 2-page SAS runs for Unemployment Insurance
16. Three pages of information on oil prices.
17. Summary of M&S
18. Car Hire Spreadsheet (2 pages) plus source data (2 pages)
19. 5 pages of PPI-RE for Depreciation including graph, input/output, and BLS data
20. Interest Rate Index calculation spreadsheet
21. 5 pages of PPI-LF for Other (and Lease Rentals) incl. graph, input/output, BLS data
22. Forecast Error calculation and workpapers (9 pages)

Benchmarking Data

1. 2005 RCAF Weights (8 pages)
2. Benchmarks for Supplements 2005 (2 pages)
3. Calculation of 12/31/2005 Straight Time Hourly Rate (3 pages and 4 pages)
4. Railroad Retirement & Medicare 2005 (6 pages including 4 from RRB)
5. 2005 112-Class Wage Statistics (Summary)

All Inclusive Index and RCAF

	05 Wts	3Q/06 04 Wts	3Q/06 05 Wts	% Chg	4Q/06	% Chg	1Q/07	% Chg	2Q/07	% Chg	3Q/07	% Chg
Labor	0.353	292.10	292.1	0.0%	293.0	0.3%	0.0	-100.0%	#DIV/0!	--	#DIV/0!	--
Fuel	0.160	265.20	265.2	0.0%	287.0	8.2%		--		--		--
M&S	0.046	197.20	197.2	0.0%	204.3	3.6%		--		--		--
Equip. Rents	0.082	187.30	187.3	0.0%	189.5	1.2%	0.0	-100.0%	#DIV/0!	--	#DIV/0!	--
Depreciation	0.111	191.90	191.9	0.0%	190.6	-0.7%		--		--		--
Interest	0.031	92.70	92.7	0.0%	96.9	4.5%	96.9	0.0%	96.9	0.0%	96.9	0.0%
Other	0.217	186.30	186.3	0.0%	190.9	2.5%		--		--		--
Weighted Avg. Linked	1.000	232.30 230.00	234.6	1.0%	239.9 235.2	2.3% 2.3%	3.0 2.9	-98.7% -98.8%	#DIV/0! #DIV/0!	-- --	#DIV/0! #DIV/0!	-- --
10/1/80 basis		224.00			229.0	2.2%	2.8	-98.8%	#DIV/0!	--	#DIV/0!	--
10/1/82		190.20			194.5	2.3%	2.4	-98.8%	#DIV/0!	--	#DIV/0!	--
4Q/87		174.00			177.9	2.2%	2.2	-98.8%	#DIV/0!	--	#DIV/0!	--
4Q/92		146.60			149.9	2.3%	1.8	-98.8%	#DIV/0!	--	#DIV/0!	--
4Q/97		132.80			135.8	2.3%	1.7	-98.7%	#DIV/0!	--	#DIV/0!	--
4Q/02 basis		119.70			122.4	2.3%	1.5	-98.8%	#DIV/0!	--	#DIV/0!	--
Car Hire	0.492	177.00	177.0	0.0%	176.5	-0.3%		--		--		--
Lease Rents	0.508	186.30	186.3	0.0%	190.9	2.5%	0.0	--	0.0	--	0.0	--
Wghted Avg Eq Rents		181.60	181.7	0.1%	183.8	1.2%	0.0	--	0.0	--	0.0	--
Linked Equipment Rents		187.30			189.5	1.2%	0.0	-100.0%	#DIV/0!	--	#DIV/0!	--
Preliminary RCAF		1.197			1.224	2.26%	0.015	-98.8%	#DIV/0!	--	#DIV/0!	--
Forecast Error Adj. RCAF Unadjusted		(0.005) 1.192			0.026 1.250	4.87%	0.015	-98.8%	#DIV/0!	--	#DIV/0!	--
PAF		2.1061			2.1160	0.47%		--		--		--
RCAF Adjusted		0.566			0.591	4.42%	#DIV/0!	--	#DIV/0!	--	#DIV/0!	--
PAF-5		2.2087			2.2246	0.72%		--		--		--
RCAF-5		0.540			0.562	4.07%	#DIV/0!	--	#DIV/0!	--	#DIV/0!	--

RCAF All-Inclusive Index's Labor Index Based on 2005 Benchmarks

05 Wts.	3Q/06 Original	3Q/06 Rebench	% Chg	4Q/06	% Chg fr. Orig	1Q/07	% Chg	2Q/07	% Chg	3Q/07	% Chg
Straight Time	\$23.975	\$24.155	0.8%	\$24.157	0.8%		--		--		--
PFTNW	\$5.543	\$5.364	-3.2%	\$5.364	-3.2%		--		--		--
Total	\$29.518	\$29.519	0.0%	\$29.521	0.0%	\$0.000	--	\$0.000	--	\$0.000	--
Adjustments											
Lump Sum	\$0.099	\$0.097		\$0.096							
Back Pay	\$0.163	\$0.159		\$0.016							
Other	\$0.165	\$0.161		\$0.161							
Total Wages	\$29.945	\$29.936	0.0%	\$29.794	-0.5%	\$0.000	--	\$0.000	--	\$0.000	--
Pre-Tax Reduction	(\$0.643)	(\$0.658)		(\$0.658)							
Taxable Wages	\$29.302	\$29.278		\$29.136		\$0.000		\$0.000		\$0.000	
H & W	\$5.024	\$5.131	2.1%	\$5.131	2.1%		--		--		--
RR Ret & Medicare	\$6.203	\$6.312	1.8%	\$6.291	1.4%		--		--		--
Unemp. Insurance	\$0.170	\$0.173	1.8%	\$0.173	1.8%		--		--		--
Other	\$0.081	\$0.079	-2.5%	\$0.063	-22.2%		--		--		--
Total	\$11.478	\$11.695	1.9%	\$11.658	1.6%	\$0.000	--	\$0.000	--	\$0.000	--
Adjustments											
Total Suppl.	\$11.478	\$11.695	1.9%	\$11.658	1.6%	\$0.000	--	\$0.000	--	\$0.000	--
Total Labor	\$41.423	\$41.631	0.5%	\$41.452	0.1%	\$0.000	--	\$0.000	--	\$0.000	--
Wage Rate Index	0.7240	256.3	256.2	0.0%	255.0	0.0	--	0.0	--	0.0	--
Suppl Index	0.2760	424.2	432.2	1.9%	430.8	0.0	--	0.0	--	0.0	--
Total Labor Index '04 Wts.		303.0									
Total Labor Index '05 Wts.		302.6	304.8	0.7%	303.5	0.0	--	0.0	--	0.0	--
Labor Index (Linked)		292.1		293.0	0.3%	0.0	-100.0%	#DIV/0!	--	#DIV/0!	--

Hourly Rate for 2006 Q4

Straight Time and Time Paid For But Not Worked

2006Q4 Straight Time Hourly Rate (from national spreadsheet) **\$24.116**
 Rebenchmarked to 2005 Wage Statistics

Adjustments to 2005 base:

Adjustments added 2006 Q1

CN Railroads	COLAs, non-union increases, new contracts	0.002
Dispatcher 4 (BNSF, CSX, KCS, NS)	\$0.31 COLA for BNSF and KCS	0.001
Misc. Independent BLET, Yardmasters, Dispatchers	\$0.31 COLA for BNSF BLET and CSX & UP Yardmasters, \$0.15 for UP dispatchers	0.020
SOO Unions	Except ATDA & BLET, \$0.19 COLA for BMW, \$0.31 COLA for all others	0.003

Adjustments added 2006 Q2

CN Railroads	New contracts	0.000
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Adjustments added 2006 Q3

CN Railroads	Some COLAs and Some 3% GWI	0.004
Dispatcher 4 (BNSF, CSX, KCS, NS)	3% GWI for CSX	0.002
Misc. Independent BLET, Yardmasters, Dispatchers	\$0.01 COLA for BNSF BLET, CSX & UP yardmasters	0.001
SOO Unions	new contract for BLET, \$0.01 COLA for rest	0.006

Adjustments added 2006 Q4

CN Railroads	COLAs for IC previously unconfirmed	0.002
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Adjusted STHR Total **\$24.157**

Pay For Time Not Worked

PFTNW (from national spread sheet)		\$5.355
Ratio Adj STHR to Nat STHR	24.157 / 24.116 =	1.00170

Adjusted Pay For Time Not Worked **\$5.364**

Note: CN Railroads includes B&LE, CC&P, DMIR, DW&P, GTW, IC, WC, and SSAM

Hourly Rate for 2006 Q3 (Restated)

Straight Time and Time Paid For But Not Worked

2006Q3 Straight Time Hourly Rate (from national spreadsheet)	\$24.116
COLA increase of 1 cent for all unions except BRS, nothing for non-union	

Adjustments to 2005 base:

Adjustments added 2006 Q1

CN Railroads	COLAs, non-union increases, new contracts	0.002
Dispatcher 4 (BNSF, CSX, KCS, NS)	\$0.31 COLA for BNSF and KCS	0.001
Misc. Independent BLET, Yardmasters, Dispatchers	\$0.31 COLA for BNSF BLET and CSX & UP Yardmasters, \$0.15 for UP dispatchers	0.020
SOO Unions	Except ATDA & BLET, \$0.19 COLA for BMWE, \$0.31 COLA for all others	0.003

Adjustments added 2006 Q2

CN Railroads	New contracts	0.000
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Adjustments added 2006 Q3

CN Railroads	Some COLAs and Some 3% GWI	0.004
Dispatcher 4 (BNSF, CSX, KCS, NS)	3% GWI for CSX	0.002
Misc. Independent BLET, Yardmasters, Dispatchers	\$0.01 COLA for BNSF BLET, CSX & UP yardmasters	0.001
SOO Unions	new contract for BLET, \$0.01 COLA for rest	0.006

Adjusted STHR Total	\$24.155
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Pay For Time Not Worked

PFTNW (from national spread sheet)		\$5.355
Ratio Adj STHR to Nat STHR	24.155 / 24.116 =	1.00162

Adjusted Pay For Time Not Worked	\$5.364
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RCAF Taxable Wages

(To Use for Railroad Retirement and Unemployment Insurance Payroll Tax Calculations)

In the RCAF calculation, Total Wages are the wages paid, while Taxable Wages are the wages on which to base payroll tax calculations. The difference is caused by pre-tax employee contributions to help pay Health & Welfare costs. This page calculates that wage rate difference.

Most of the new national agreements feature employee Health & Welfare cost sharing. Some of the independent agreements adopt the dollar amount contributed under the national agreement, and some have their own employee contribution rate such as the CN Management H&W Plan. This Cost Sharing is a pre-tax employee contribution to Health & Welfare insurance premiums paid by the employer. The employee contribution reduces employer Health & Welfare costs, while the Health & Welfare insurance premiums paid to the provider are unchanged. In the RCAF calculation, the reduction to the employer's Health & Welfare costs affect the Supplements portion of the Labor component of the index. The Taxable Wage Rate is used for Railroad Retirement and Unemployment Insurance calculations.

Reduction Calculation for 4Q/2006

U.S. ST Hours =

334,493,612

Wage Statistics are for 2005.

Union Group	Employees	Mo. Rate	Annual \$
National BLET (BNSF, CSX, KCS, NS, UP)	27,634	(\$127.64)	(\$42,326,445.12)
National BMWE (BNSF, CSX, KCS, NS, UP)	23,266	\$0.00	\$0.00
National BRS (BNSF, CSX, KCS, NS, UP)	5,641	(\$100.00)	(\$6,769,200.00)
National IAM (BNSF, CSX, KCS, NS, UP)	6,516	(\$107.13)	(\$8,376,708.96)
National IBBM (BNSF, CSX, KCS, NS, UP)	1,190	(\$123.28)	(\$1,760,438.40)
National IBEW (BNSF, CSX, KCS, NS, UP)	4,766	(\$131.96)	(\$7,547,056.32)
National NCFO (BNSF, CSX, KCS, NS, UP)	2,295	(\$131.96)	(\$3,634,178.40)
National SMW (BNSF, CSX, KCS, NS, UP)	1,054	(\$131.96)	(\$1,669,030.08)
National TCU (BNSF, CSX, KCS, NS, UP)	8,681	(\$123.28)	(\$12,842,324.16)
National TCU-CAR (BNSF, CSX, KCS, NS, UP)	10,337	(\$123.28)	(\$15,292,144.32)
National UTU (BNSF, CSX, KCS, NS, UP)	42,709	(\$131.96)	(\$67,630,555.68)
National UTU-Yardmasters (BNSF, CSX, KCS, NS)	1,670	(\$131.96)	(\$2,644,478.40)
Indep. Dispatchers (wt avg BNSF, CSX, KCS, NS)	1,754	(\$128.88)	(\$2,712,666.24)
Independent CNGT (wt avg all 104 union categories)	6,044	(\$53.80)	(\$3,902,006.40)
Independent SOO (wt avg all 13 unions)	2,556	(\$93.37)	(\$2,863,844.64)
Independent UP (Yardmasters only)	503	(\$123.28)	(\$744,118.08)
Total Union	146,616		(\$180,715,195.20)
All Other @ \$3,290,694.95 total per month			(\$39,488,339.40)
Total			(\$220,203,534.60)

Reduction in Wage Rate Per ST Hour	-\$0.65831910
Deduct this amount from the Wage Rate	-\$0.658

Rebenched 2006Q3

RCAF Taxable Wages

(To Use for Railroad Retirement and Unemployment Insurance Payroll Tax Calculations)

In the RCAF calculation, Total Wages are the wages paid, while Taxable Wages are the wages on which to base payroll tax calculations. The difference is caused by pre-tax employee contributions to help pay Health & Welfare costs. This page calculates that wage rate difference.

Most of the new national agreements feature employee Health & Welfare cost sharing. Some of the independent agreements adopt the dollar amount contributed under the national agreement, and some have their own employee contribution rate such as the CN Management H&W Plan. This Cost Sharing is a pre-tax employee contribution to Health & Welfare insurance premiums paid by the employer. The employee contribution reduces employer Health & Welfare costs, while the Health & Welfare insurance premiums paid to the provider are unchanged. In the RCAF calculation, the reduction to the employer's Health & Welfare costs affect the Supplements portion of the Labor component of the index. The Taxable Wage Rate is used for Railroad Retirement and Unemployment Insurance calculations.

Reduction Calculation for 3Q/2006

U.S. ST Hours =

334,493,612

Wage Statistics are for 2005.

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National IAM (BNSF, CSX, KCS, NS, UP)	6,516	(\$107.13)	(\$8,376,708.96)
National IBBM (BNSF, CSX, KCS, NS, UP)	1,190	(\$123.28)	(\$1,760,438.40)
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Indep. Dispatchers (wt avg BNSF, CSX, KCS, NS)	1,754	(\$128.88)	(\$2,712,666.24)
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Independent UP (Yardmasters only)	503	(\$123.28)	(\$744,118.08)
Total Union	146,616		(\$180,715,195.20)
All Other @ \$3,290,694.95 total per month			(\$39,488,339.40)
Total			(\$220,203,534.60)

Reduction in Wage Rate Per ST Hour	-\$0.65831910
Deduct this amount from the Wage Rate	-\$0.658

Note: Total employees and monthly rates must match H&W sheet.

National Contracts U.S.

Straight Time Hourly Rate

	UTU	TCU	BLE	SMWIA	BRS	BMWE	TCU-CAR	IBFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER
Weight	0.26964	0.0491	0.19925	0.00569	0.03319	0.13430	0.06041	0.01261	0.0363	0.00699	0.02715	0.0131	0.01194	0.14032
2005 Avg.	20.228	21.941	21.454	22.561	23.163	19.750	21.026	18.199	20.900	19.048	21.893	31.416	27.321	41.063
12/31/05	20.301	22.014	21.515	22.636	23.165	19.810	21.102	18.276	21.146	19.123	21.967	31.539	27.392	41.063
1/1/06	20.595	22.294	21.677	22.939	23.165	19.985	21.389	18.572	21.146	19.416	22.260	31.539	27.524	41.213
4/1/06	20.595	22.294	21.677	22.939	23.165	19.985	21.389	18.572	21.146	19.416	22.260	31.539	27.524	41.213
7/1/06	20.605	22.303	21.682	22.949	23.165	19.994	21.398	18.581	21.156	19.426	22.270	31.539	27.529	41.213
10/1/06	20.605	22.303	21.682	22.949	23.165	19.994	21.398	18.581	21.156	19.426	22.270	31.539	27.529	41.213
1/1/07	20.605	22.303	21.682	22.949	23.165	19.994	21.398	18.581	21.156	19.426	22.270	31.539	27.529	41.213
4/1/07	20.605	22.303	21.682	22.949	23.165	19.994	21.398	18.581	21.156	19.426	22.270	31.539	27.529	41.213
7/1/07	20.605	22.303	21.682	22.949	23.165	19.994	21.398	18.581	21.156	19.426	22.270	31.539	27.529	41.213

Weighted Straight Time Hourly Rate

	UTU	TCU	BLE	SMWIA	BRS	BMWE	TCU-CAR	IBFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2005 Avg.	5.454	1.077	4.275	0.128	0.769	2.652	1.270	0.229	0.759	0.133	0.594	0.411	0.326	5.762	23.842
12/31/05	5.474	1.081	4.287	0.129	0.769	2.660	1.275	0.230	0.768	0.134	0.596	0.413	0.327	5.762	23.905
1/1/06	5.553	1.095	4.319	0.131	0.769	2.684	1.292	0.234	0.768	0.136	0.604	0.413	0.329	5.783	24.109
4/1/06	5.553	1.095	4.319	0.131	0.769	2.684	1.292	0.234	0.768	0.136	0.604	0.413	0.329	5.783	24.109
7/1/06	5.556	1.095	4.320	0.131	0.769	2.685	1.293	0.234	0.768	0.136	0.605	0.413	0.329	5.783	24.116
10/1/06	5.556	1.095	4.320	0.131	0.769	2.685	1.293	0.234	0.768	0.136	0.605	0.413	0.329	5.783	24.116
1/1/07	5.556	1.095	4.320	0.131	0.769	2.685	1.293	0.234	0.768	0.136	0.605	0.413	0.329	5.783	24.116
4/1/07	5.556	1.095	4.320	0.131	0.769	2.685	1.293	0.234	0.768	0.136	0.605	0.413	0.329	5.783	24.116
7/1/07	5.556	1.095	4.320	0.131	0.769	2.685	1.293	0.234	0.768	0.136	0.605	0.413	0.329	5.783	24.116

Note: The 2005 Average and 12/31/05 Straight Time Hourly Rates are the industry rates and include all Class I railroad employees. The rates for 1/1/06 through 7/1/07 are based on the industry year-end rate updated by national union wage increases using contract information. These national increases are diluted using "percent national" ratios to account for non-national union contracts. The impact of non-national or independent contract increases after 2005 are not shown on this page and are handled separately.

National Contracts U.S.

Pay For Time Not Worked Hourly Rate

	UTU	TCU	BLE	SMWIA	BRS	BMWE	TCU-CAR	IBFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER
Weight	0.26964	0.0491	0.19925	0.00569	0.03319	0.13430	0.06041	0.01261	0.0363	0.00699	0.02715	0.0131	0.01194	0.14032
2005 Avg.	7.252	5.297	7.822	4.079	4.740	3.356	3.506	3.084	4.382	2.651	3.935	5.724	6.878	1.309
12/31/05	7.278	5.315	7.845	4.093	4.741	3.366	3.519	3.097	4.434	2.661	3.948	5.746	6.896	1.309
1/1/06	7.384	5.382	7.904	4.148	4.741	3.395	3.567	3.147	4.434	2.702	4.001	5.746	6.930	1.314
4/1/06	7.384	5.382	7.904	4.148	4.741	3.395	3.567	3.147	4.434	2.702	4.001	5.746	6.930	1.314
7/1/06	7.387	5.385	7.906	4.149	4.741	3.397	3.568	3.149	4.436	2.703	4.003	5.746	6.931	1.314
10/1/06	7.387	5.385	7.906	4.149	4.741	3.397	3.568	3.149	4.436	2.703	4.003	5.746	6.931	1.314
1/1/07	7.387	5.385	7.906	4.149	4.741	3.397	3.568	3.149	4.436	2.703	4.003	5.746	6.931	1.314
4/1/07	7.387	5.385	7.906	4.149	4.741	3.397	3.568	3.149	4.436	2.703	4.003	5.746	6.931	1.314
7/1/07	7.387	5.385	7.906	4.149	4.741	3.397	3.568	3.149	4.436	2.703	4.003	5.746	6.931	1.314

Pay For Time Not Worked Hourly Rate

	UTU	TCU	BLE	SMWIA	BRS	BMWE	TCU-CAR	IBFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2005 Avg.	1.956	0.260	1.559	0.023	0.157	0.451	0.212	0.039	0.159	0.019	0.107	0.075	0.082	0.184	5.281
12/31/05	1.963	0.261	1.563	0.023	0.157	0.452	0.213	0.039	0.161	0.019	0.107	0.075	0.082	0.184	5.299
1/1/06	1.991	0.264	1.575	0.024	0.157	0.456	0.215	0.040	0.161	0.019	0.109	0.075	0.083	0.184	5.353
4/1/06	1.991	0.264	1.575	0.024	0.157	0.456	0.215	0.040	0.161	0.019	0.109	0.075	0.083	0.184	5.353
7/1/06	1.992	0.264	1.575	0.024	0.157	0.456	0.216	0.040	0.161	0.019	0.109	0.075	0.083	0.184	5.355
10/1/06	1.992	0.264	1.575	0.024	0.157	0.456	0.216	0.040	0.161	0.019	0.109	0.075	0.083	0.184	5.355
1/1/07	1.992	0.264	1.575	0.024	0.157	0.456	0.216	0.040	0.161	0.019	0.109	0.075	0.083	0.184	5.355
4/1/07	1.992	0.264	1.575	0.024	0.157	0.456	0.216	0.040	0.161	0.019	0.109	0.075	0.083	0.184	5.355
7/1/07	1.992	0.264	1.575	0.024	0.157	0.456	0.216	0.040	0.161	0.019	0.109	0.075	0.083	0.184	5.355

U.S. National Contract

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UTU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2005 Industry Avg.				20.22797	7.25223
12/31/05 Industry Rate				20.30055	7.27825
1/1/06		0.31000	95.132%	20.59546	7.38398
4/1/06			95.132%	20.59546	7.38398
7/1/06		0.01000	95.132%	20.60497	7.38739
10/1/06			95.132%	20.60497	7.38739
1/1/07			95.132%	20.60497	7.38739
4/1/07			95.132%	20.60497	7.38739
7/1/07			95.132%	20.60497	7.38739

TCU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2005 Industry Avg.				21.94128	5.29725
12/31/05 Industry Rate				22.01428	5.31487
1/1/06		0.31000	90.304%	22.29423	5.38246
4/1/06			90.304%	22.29423	5.38246
7/1/06		0.01000	90.304%	22.30326	5.38464
10/1/06			90.304%	22.30326	5.38464
1/1/07			90.304%	22.30326	5.38464
4/1/07			90.304%	22.30326	5.38464
7/1/07			90.304%	22.30326	5.38464

BLE

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2005 Industry Avg.				21.45357	7.82234
12/31/05 Industry Rate				21.51532	7.84485
1/1/06		0.31000	52.147%	21.67698	7.90380
4/1/06			52.147%	21.67698	7.90380
7/1/06		0.01000	52.147%	21.68219	7.90570
10/1/06			52.147%	21.68219	7.90570
1/1/07			52.147%	21.68219	7.90570
4/1/07			52.147%	21.68219	7.90570
7/1/07			52.147%	21.68219	7.90570

U.S. National Contract

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SMWIA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2005 Industry Avg.				22.56101	4.07933
12/31/05 Industry Rate				22.63601	4.09289
1/1/06		0.31000	97.732%	22.93898	4.14768
4/1/06			97.732%	22.93898	4.14768
7/1/06		0.01000	97.732%	22.94875	4.14944
10/1/06			97.732%	22.94875	4.14944
1/1/07			97.732%	22.94875	4.14944
4/1/07			97.732%	22.94875	4.14944
7/1/07			97.732%	22.94875	4.14944

BRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2005 Industry Avg.				23.16265	4.74008
12/31/05 Industry Rate				23.16479	4.74052
1/1/06			94.760%	23.16479	4.74052
4/1/06			94.760%	23.16479	4.74052
7/1/06			94.760%	23.16479	4.74052
10/1/06			94.760%	23.16479	4.74052
1/1/07			94.760%	23.16479	4.74052
4/1/07			94.760%	23.16479	4.74052
7/1/07			94.760%	23.16479	4.74052

BMWE

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2005 Industry Avg.				19.75034	3.35557
12/31/05 Industry Rate				19.81007	3.36572
1/1/06		0.19000	92.076%	19.98502	3.39544
4/1/06			92.076%	19.98502	3.39544
7/1/06		0.01000	92.076%	19.99422	3.39701
10/1/06			92.076%	19.99422	3.39701
1/1/07			92.076%	19.99422	3.39701
4/1/07			92.076%	19.99422	3.39701
7/1/07			92.076%	19.99422	3.39701

U.S. National Contract

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TCU-Carmen

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2005 Industry Avg.				21.02609	3.50629
12/31/05 Industry Rate				21.10246	3.51903
1/1/06		0.31000	92.418%	21.38896	3.56680
4/1/06			92.418%	21.38896	3.56680
7/1/06		0.01000	92.418%	21.39820	3.56834
10/1/06			92.418%	21.39820	3.56834
1/1/07			92.418%	21.39820	3.56834
4/1/07			92.418%	21.39820	3.56834
7/1/07			92.418%	21.39820	3.56834

NCFO

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2005 Industry Avg.				18.19913	3.08388
12/31/05 Industry Rate				18.27575	3.09687
1/1/06		0.31000	95.460%	18.57167	3.14701
4/1/06			95.460%	18.57167	3.14701
7/1/06		0.01000	95.460%	18.58122	3.14863
10/1/06			95.460%	18.58122	3.14863
1/1/07			95.460%	18.58122	3.14863
4/1/07			95.460%	18.58122	3.14863
7/1/07			95.460%	18.58122	3.14863

IAM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2005 Industry Avg.				20.89959	4.38229
12/31/05 Industry Rate				21.14616	4.43399
1/1/06	No COLA until July		95.196%	21.14616	4.43399
4/1/06			95.196%	21.14616	4.43399
7/1/06		0.01000	95.196%	21.15567	4.43599
10/1/06			95.196%	21.15567	4.43599
1/1/07			95.196%	21.15567	4.43599
4/1/07			95.196%	21.15567	4.43599
7/1/07			95.196%	21.15567	4.43599

U.S. National Contract

IBBM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2005 Industry Avg.				19.04832	2.65075
12/31/05 Industry Rate				19.12331	2.66119
1/1/06		0.31000	94.573%	19.41649	2.70199
4/1/06			94.573%	19.41649	2.70199
7/1/06		0.01000	94.573%	19.42595	2.70331
10/1/06			94.573%	19.42595	2.70331
1/1/07			94.573%	19.42595	2.70331
4/1/07			94.573%	19.42595	2.70331
7/1/07			94.573%	19.42595	2.70331

IBEW

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2005 Industry Avg.				21.89308	3.93493
12/31/05 Industry Rate				21.96679	3.94818
1/1/06		0.31000	94.728%	22.26045	4.00096
4/1/06			94.728%	22.26045	4.00096
7/1/06		0.01000	94.728%	22.26992	4.00266
10/1/06			94.728%	22.26992	4.00266
1/1/07			94.728%	22.26992	4.00266
4/1/07			94.728%	22.26992	4.00266
7/1/07			94.728%	22.26992	4.00266

ATDA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2005 Industry Avg.				31.41550	5.72356
12/31/05 Industry Rate				31.53881	5.74603
1/1/06			0.000%	31.53881	5.74603
4/1/06			0.000%	31.53881	5.74603
7/1/06			0.000%	31.53881	5.74603
10/1/06			0.000%	31.53881	5.74603
1/1/07			0.000%	31.53881	5.74603
4/1/07			0.000%	31.53881	5.74603
7/1/07			0.000%	31.53881	5.74603

U.S. National Contract

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YDMSTRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2005 Industry Avg.				27.32087	6.87842
12/31/05 Industry Rate				27.39229	6.89640
1/1/06		0.31000	42.591%	27.52432	6.92964
4/1/06			42.591%	27.52432	6.92964
7/1/06		0.01000	42.591%	27.52858	6.93071
10/1/06			42.591%	27.52858	6.93071
1/1/07			42.591%	27.52858	6.93071
4/1/07			42.591%	27.52858	6.93071
7/1/07			42.591%	27.52858	6.93071

OTHER

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2005 Industry Avg.				41.06323	1.30874
12/31/05 Industry Rate				41.06323	1.30874
1/1/06		0.15000	100.000%	41.21323	1.31352
4/1/06			100.000%	41.21323	1.31352
7/1/06			100.000%	41.21323	1.31352
10/1/06			100.000%	41.21323	1.31352
1/1/07			100.000%	41.21323	1.31352
4/1/07			100.000%	41.21323	1.31352
7/1/07			100.000%	41.21323	1.31352

Check Sums

	Increase	Applicable	ST HR	PFTNW HR
2005 AVG			329.96263	64.01567
12/31/05			331.04984	

Should match check sum on National
Increase Applicability for U.S. Total page

1137.116%

ok matches

ok matches
ok matches

All three should match
check sums on U.S.
Benchmark page.

ok matches

National Increase Applicability for U.S. Total

Year 2005	Not Part of National Agreements*																U.S.			
	U.S. Total	Union	ST Hours Pd	CSX (E)	BLE (E)	DMIR (E)	GTW (E)	IC (E)	CCP (E)	DWP (E)	SSAM (E)	WC (E)	NS (E)	BNSF (W)	KCS (W)	SOO (W)	UP (W)	ST Hours Pd	National Increase	Percent National Contract
		UTU	90,194,367	--	36,356	102,790	594,588	1,438,463	143,317	75,479	14,080	642,161	--	--	--	1,343,813	--	85,803,320	95.132%	95.132%
		TCU	16,424,053	--	27,063	127,992	307,009	496,008	26,641	6,621	0	122,956	--	--	--	478,159	--	14,831,604	90.304%	90.304%
		BLET	66,649,368	--	21,837	64,021	428,921	920,755	107,898	66,739	14,474	553,569	9,662,056	18,958,810	--	1,094,546	--	34,755,742	52.147%	52.147%
		SMW	1,904,797	--	0	4,773	0	34,897	0	0	0	0	--	--	--	3,527	--	1,861,600	97.732%	97.732%
		BRS	11,103,074	--	9,431	0	107,952	204,349	30,011	11,628	0	105,824	--	--	--	112,661	--	10,521,218	94.760%	94.760%
		BMWE	44,921,797	--	64,328	0	442,094	968,038	169,631	0	85,090	894,782	--	--	--	935,489	--	41,362,345	92.076%	92.076%
		TCU-CAR	20,205,954	--	42,749	63,726	231,738	563,599	27,278	18,544	0	289,942	--	--	--	294,360	--	18,674,018	92.418%	92.418%
		IBFO	4,216,762	--	3,520	0	31,654	84,164	1,872	0	0	0	--	--	--	70,235	--	4,025,317	95.460%	95.460%
		IAM	12,143,150	--	9,693	49,046	21,310	281,970	8,753	3,539	0	39,585	--	--	--	169,503	--	11,559,751	95.196%	95.196%
		IBBM	2,339,252	--	0	6,054	0	56,204	160	0	0	0	--	--	--	64,528	--	2,212,306	94.573%	94.573%
		IBEW	9,081,733	--	11,757	66,189	32,345	202,038	12,080	3,440	8,822	32,417	--	--	--	109,734	--	8,602,911	94.728%	94.728%
		ATDA	4,380,534	754,424	0	9,068	28,627	78,159	0	8,148	0	58,179	845,263	1,195,728	68,395	85,309	1,249,234	0	0.000%	0.000%
		UTU-YMC	3,993,630	1,113,752	0	0	65,939	79,787	0	0	0	44,934	--	--	--	72,232	916,077	1,700,909	42.591%	42.591%
		OTHER	46,935,141	--	--	--	--	--	--	--	--	--	--	--	--	--	--	46,935,141	100.000%	100.000%
		TOTAL	334,493,612	1,868,176	226,734	493,659	2,292,177	5,408,431	527,641	194,138	122,466	2,784,349	10,507,319	20,154,538	68,395	4,834,096	2,165,311	282,846,182		
		Sum (for proofing)																	1137.116%	

* In some cases, a railroad union is part of the national agreement but is being benchmarked as independent in anticipation of future independent agreements or because of a variation in their interpretation of the agreement.

Statistics based on AAR's 2005 112-Class Wage Statistics and knowledge of contracts as of August 2006.

Percentages are full float.

ATDA (dispatchers) are independent for each railroad.

IC & UP dispatchers are non-union, and given same increases as non-union, but handled independently.

U.S. 2005 Benchmark

	From AAR 112-Class Wage Statistics & Survey				ST \$ Adjusted to Exclude Lump Sums	2005 Average Hourly Rates		12/31/2005 ST HR	ST Hrs. 2005 Weights
	ST Hrs.	ST \$	PFTNW \$	Union L. Sum		ST wo LS	PFTNW		
UTU	90,194,367	\$1,825,366,789	\$654,109,982	\$917,829	\$1,824,448,960	\$20.228	\$7.252	\$20.301	0.26964
TCU	16,424,053	364,269,952	87,002,269	3,905,233	360,364,719	21.941	5.297	22.014	0.04910
BLET	66,649,368	1,511,496,099	521,354,022	81,629,058	1,429,867,041	21.454	7.822	21.515	0.19925
SMWIA	1,904,797	42,974,139	7,770,303	0	42,974,139	22.561	4.079	22.636	0.00569
BRS	11,103,074	257,267,875	52,629,466	91,236	257,176,639	23.163	4.740	23.165	0.03319
BMWE	44,921,797	887,429,972	150,738,214	209,227	887,220,745	19.750	3.356	19.810	0.13430
TCU-CAR	20,205,954	424,972,679	70,847,972	120,422	424,852,257	21.026	3.506	21.102	0.06041
NCFO	4,216,762	76,867,417	13,004,000	126,034	76,741,383	18.199	3.084	18.276	0.01261
IAM	12,143,150	254,305,740	53,214,830	518,921	253,786,819	20.900	4.382	21.146	0.03630
IBBM	2,339,252	44,803,446	6,200,783	244,627	44,558,819	19.048	2.651	19.123	0.00699
IBEW	9,081,733	198,893,592	35,735,989	66,513	198,827,079	21.893	3.935	21.967	0.02715
ATDA	4,380,534	143,012,091	25,072,248	5,395,416	137,616,675	31.416	5.724	31.539	0.01310
UTU-YMD	3,993,630	110,858,820	27,469,849	1,749,359	109,109,461	27.321	6.878	27.392	0.01194
OTHER	46,935,141	1,927,308,668	61,426,017	0	1,927,308,668	41.063	1.309	41.063	0.14032
AAR 112 Total	334,493,612	8,069,827,279	1,766,575,944	94,973,875	7,974,853,404	23.842	5.281	23.905	1.00000
Sum (for proofing)						329.96263	64.01567	331.04984	

Year-End Figures are calculated, based on 2005 ws-112 and union contracts, in YearEnd2005_final.xls exhibited in document titled "Year-End 2005 ST Hourly Rates for U.S."
The ST Hours Weights and the Hourly Rates are full float.

NATIONAL RAILWAY LABOR CONFERENCE

ECONOMIC RESEARCH DEPARTMENT

1901 L STREET, N.W., WASHINGTON, D.C. 20036-3514 ♦ ♦ PHONE: (202) 862-7200 FAX: (202) 862-7253

H. GLEN WILLIAMS Jr.
Director Economic Research
(202) 862-7232
gwilliams@rrnrlc.org

April 20, 2006

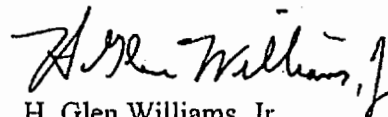
July 1, 2006 Cost-of-Living Allowance
Under 2000-Round National Agreements
BLE, UTU, UTU-Yardmasters, TCU-Clerks,
TCU-Carmen, IBB, NCF&O, IBEW, IAM, SMWIA

CIRCULAR NO. 831-13 (BLE)
CIRCULAR NO. 832-14 (UTU/YARDMASTERS)
CIRCULAR NO. 834-12 (CLERKS)
CIRCULAR NO. 837-12 (CARMEN)
CIRCULAR NO. 838-12 (IBB)
CIRCULAR NO. 839-10 (NCF&O)
CIRCULAR NO. 840-12 (IBEW)
CIRCULAR NO. 841-9 (IAM)
CIRCULAR NO. 842-11 (SMWIA)

TO MEMBER ROADS:

The 2000-Round National Agreements with the above-referenced organizations provide for a cost-of-living allowance to be payable on July 1, 2006. The COL adjustment will be one cent, calculated on the basis of the change in the CPI-W for the measurement period September 2005 to March 2006.

This COL adjustment will be rolled into basic rates of pay.


H. Glen Williams, Jr.

NATIONAL RAILWAY LABOR CONFERENCE

ECONOMIC RESEARCH DEPARTMENT

1901 L STREET, N.W., WASHINGTON, D.C. 20036-3514 ♦ ♦ PHONE: (202) 862-7200 FAX: (202) 862-7253

H. GLEN WILLIAMS Jr.
Director Economic Research
(202) 862-7232
gwilliams@rrnrlc.org

April 28, 2006

July 1, 2006 Cost-of-Living Allowance
Under the May 31, 2001 BMW National Agreement

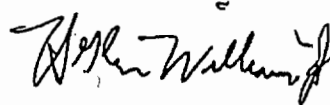
CIRCULAR NO. 835-12-1

TO MEMBER ROADS:

This is a clarification of our previous circular 835-12 referring to the July 1, 2006 COLA adjustment.

While the one cent COLA increase is correct, we should not have referenced the Health and Welfare offset. That adjustment is only invoked if the COLA increase effective January 1 was not sufficient to cover the employee's share of the Health and Welfare year over year increase in the payment rate per Article II, Part B, Section 2 (c).

To reiterate, the COLA increase effective July 1, 2006 is one cent.



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Director Economic Research
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gwilliams@rrrnlc.org

November 14, 2005

January 1, 2006 Cost-of-Living Allowance
Under 2000-Round National Agreements
BLE, UTU, UTU-Yardmasters, TCU-Clerks,
TCU-Carmen, IBB, NCF&O, IBEW, SMWIA

CIRCULAR NO. 831-12 (BLE)
CIRCULAR NO. 832-13 (UTU/YARDMASTERS)
CIRCULAR NO. 834-11 (CLERKS)
CIRCULAR NO. 837-11 (CARMEN)
CIRCULAR NO. 838-11 (IBB)
CIRCULAR NO. 839-9 (NCF&O)
CIRCULAR NO. 840-11 (IBEW)
CIRCULAR NO. 842-10 (SMWIA)

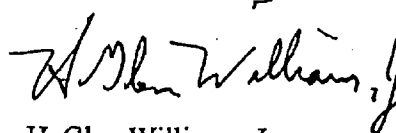
TO MEMBER ROADS:

The 2000-Round National Agreements with the above-referenced organizations provide for a cost-of-living allowance to be payable on January 1, 2006. The COL adjustment will be thirty-one cents, calculated on the basis of the change in the CPI-W for the measurement period March 2005 to September 2005.

This COL adjustment will be rolled into basic rates of pay.

Please note: For BMW-represented employees, the total COLA payable on January 1, 2006 is thirty cents (\$0.19 added to the previous \$0.11, NRLC Circular 835-11). The first COLA for IAM-represented employees is payable July 1, 2006. The BRS national agreement does not provide a COLA payable to BRS-represented employees.

Yours very truly,



H. Glen Williams, Jr.

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gwilliams@rrnrlc.org

November 14, 2005

January 1, 2006 Cost-of-Living Allowance
Under the May 31, 2001 BMW National Agreement

CIRCULAR NO. 835-11

TO MEMBER ROADS:

The National Agreement with the Brotherhood of Maintenance of Way Employees provides in Article II, Part B, Section 1 for a cost-of-living wage adjustment to be payable on January 1, 2006. **This wage adjustment will be nineteen (19) cents.**

The 19 cents will be added to the existing 11 cent COL allowance for a total COL allowance of 30 cents effective January 1, 2006.

Calculated on the basis of the change in the CPI-W for the measurement period March 2005 to September 2005, the gross COL adjustment is 31 cents. Article II, Part B, Section 2 provides that such COL amount is subject to reduction by the lesser of (x) 50% of the increase in the carriers' 2006 payment rate for health benefits over the 2005 rate (on an hourly basis) and (y) one-half of the COL amount. Fifty percent of the 2006 increase in BMW health benefits is 12.3 cents, which is less than one-half of the COL amount. Therefore the January 1, 2006 COL wage adjustment is 31 cents minus 12.3 cents, or 19 cents net (rounded).

H. Glen Williams, Jr.

DJ US Total Mkt	+249.8	+547.9	102/100
Blocks	+46.4	+3,289.6	102/100

Issue Gainers

ISSUE (EXCH)	CLOSE	MONEY FLOW (IN MILLIONS)	UP/DN RATIO
SPDR (A)	130.13	+252.9	152/100
Merck (N)	39.65	+57.4	174/100
ISHRDUJURE (N)	74.48	+42.8	1071/100
FrptMcCG B (N)	57.15	+38.9	151/100
Nasdaq 100 (Nq)	38.42	+35.0	119/100
AltriaGp (N)	83.72	+30.4	117/100
GldnWstFnl (N)	75.32	+27.4	334/100
NCI Bldg (N)	49.06	+23.1	881/100
Disney (N)	29.97	+23.0	191/100
Hallibrtn (N)	34.10	+22.0	167/100
BardcGld (N)	33.00	+22.0	221/100
CMS Engy (N)	14.27	+19.7	731/100
Symantec (Nq)	18.21	+18.5	236/100
ContlAirln B (N)	23.44	+17.4	195/100
SPDR Utils (A)	34.41	+17.4	363/100

Source: WSJ Market Data Group *without block trades.
Money flow figures are the dollar value of composite uptick trades minus the dollar value of downtick trades relative to the value of downtick trades.

Dow Jones Global Sector Titans

INDEX/COMPONENT	PRICE/CLOSE	% CHG	IND
Automobiles & Parts	306.15	-1.14	Ins
FordMotor(US)	7.47	-6.63	
HondaMotor(JP)	3880.00	-2.02	
Banks	147.91	-0.01	MI
SumitMitsuiFin(JP)	1280000.00	-1.54	
MitsubishiUFJ(JP)	1630000.00	-1.21	
Basic Resources	257.56	+1.59	Oil
AngloAmer(UK)	24.55	+3.63	
BHP Billiton(UK)	10.50	+1.74	
Chemicals	253.95	-0.54	Pe
DowChem(US)	37.07	-1.62	
DuPont(US)	39.85	-1.19	
Construction & Materials	181.10	-0.12	R
Cemex(MX)	31.40	-1.32	
AsahiGlass(JP)	1584.00	-1.25	
Financial Services	373.74	-0.97	Te
Orix Corp(JP)	31200.00	-3.70	
MerillLynch(US)	75.22	-1.38	Te
Food & Beverage	261.71	+0.32	
CadburySchwppes(UK)	5.58	+0.63	
Diageo(UK)	9.51	+0.11	
Health Care	319.93	-0.03	Te
Wyeth(US)	46.47	-1.67	
Pfizer(US)	26.64	-1.52	
Industrial Goods/Svcs.	231.45	-0.83	U
BurlNthSF(US)	66.07	-3.48	
FstData(US)	41.41	-2.33	

Washington Mutual Inc (WM)	4.000	Jan 15, 2009	97.070	5.319	46	3	25,346
CIT Group Inc (CIT)	5.400	Mar 07, 2013	98.529	5.672	91	10	25,275

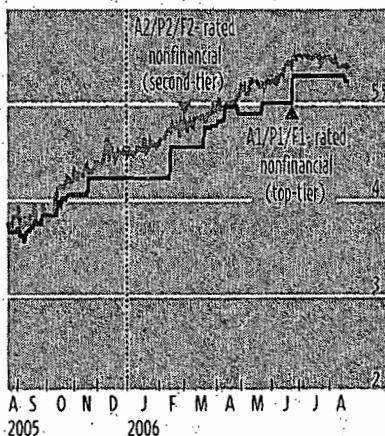
Volume represents total volume for each issue; price/yield data are for trades of \$1 million and greater. * Estimated spreads, in basis points (100 basis points is one percentage point), over the 2, 3, 5, 10 or 30-year hot run Treasury note/bond. 2-year: 5.000 07/08; 3-year: 4.875 08/09; 5-year: 4.875 07/11; 10-year: 4.875 08/16; 30-year: 4.500 02/36. *Comparable U.S. Treasury issue.
Source: MarketAxess Corporate BondTicker

Money Rates

The key U. S. and foreign annual interest rates below are a guide to general levels but don't always represent actual transactions.

Commercial Paper

Yields paid by corporations for short-term financing, typically for daily operation



Source: Federal Reserve

Prime Rate: 8.25% (effective 06/29/06). The base rate on corporate loans posted by at least 75% of the nation's 30 largest banks.
Discount Rate (Primary): 6.25% (effective 06/29/06).
Federal Funds: 5.375% high, 5.188% low, 5.188% near closing bid, 5.250% offered. Effective rate: 5.25%. Source: Tullett Prebon Information, Ltd. Federal-funds target rate: 5.250% (effective 06/29/06).
Call Money: 7.00% (effective 06/29/06).
Commercial Paper: Placed directly by General Electric Capital Corp.: 5.24% 30 to 44 days; 5.25% 45 to 89 days; 5.26% 90 to 128 days; 5.25% 129 to 190 days; 5.23% 191 to 219 days; 5.21% 220 to 249 days; 5.19% 250 to 270 days.
Euro Commercial Paper: Placed directly by General Electric

Monday, August 21, 2006

Capital Corp.: 3.06% 30 days; 3.11% two months; 3.19% three months; 3.23% four months; 3.32% five months; 3.38% six months.
Dealer Commercial Paper: High-grade unsecured notes sold through dealers by major corporations: 5.25% 30 days; 5.28% 60 days; 5.29% 90 days.
Certificates of Deposit: 5.27% one month; 5.35% three months; 5.43% six months.
Bankers Acceptances: 5.28% 30 days; 5.32% 60 days; 5.35% 90 days; 5.38% 120 days; 5.40% 150 days; 5.42% 180 days. Source: Tullett Prebon Information, Ltd.
Eurodollars: 5.30% - 5.27% one month; 5.34% - 5.31% two months; 5.38% - 5.35% three months; 5.41% - 5.37% four months; 5.44% - 5.40% five months; 5.45% - 5.42% six months. Source: Tullett Prebon Information, Ltd.
London Interbank Offered Rates (Libor): 5.32438% one month; 5.39813% three months; 5.4575% six months; 5.4625% one year. Effective rate for contracts entered into two days from date appearing at top of this column.
Euro Libor: 3.10763% one month; 3.24488% three months; 3.43625% six months; 3.66088% one year. Effective rate for contracts entered into two days from date appearing at top of this column.
Euro Interbank Offered Rates (Euribor): 3.106% one month; 3.244% three months; 3.435% six months; 3.657% one year. Source: Reuters.
Foreign Prime Rates: Canada 6.00%; European Central Bank 3.00%; Japan 1.625%; Switzerland 3.27%; Britain 4.75%.
Treasury Bills: Results of the Monday, August 21, 2006, auction of short-term U.S. government bills, sold at a discount from face value in units of \$1,000 to \$1 million: 4.975% 13 weeks; 4.975% 26 weeks. Tuesday, August 15, 2006 auction: 5.075% 4 weeks.
Overnight Repurchase Rate: 5.20%. Source: Garban Inter-capital.
Freddie Mac: Posted yields on 30-year mortgage commitments. Delivery within 30 days 6.24%, 60 days 6.26%, standard conventional fixed-rate mortgages: 3.375%, 2% rate capped one-year adjustable rate mortgages.
Fannie Mae: Posted yields on 30 year mortgage commitments (priced at par) for delivery within 30 days 6.338%, 60 days 6.364%, standard conventional fixed-rate mortgages. Constant Maturity Debt Index: 5.330% three months; 5.360% six months; 5.350% one year.
Merrill Lynch Ready Assets Trust: 4.66%.
Consumer Price Index: July, 2005, up 4.1% from a year ago. Bureau of Labor Statistics.

Nearby August rose \$13.60 to \$625.70.
LME: The London Metal Exchange said it will launch mini contracts for copper, aluminum and zinc before the end of

A spokeswoman for UT Medical declined to comment, citing company policy. The lawsuits, filed in the past few

rupture-court lawsuits include about a dozen clients and affiliates of Consulting Services Group LLC, a Memphis invest-

2006/Q4 RCAF Lump Sum Amortization

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hour	U.S. ST Hours	
CN-US - various ¹	2005Q4	2006Q1	\$1,499,989	0.00448	0.01794	334,493,612	2005
CN-US - mix ²	2006Q1	2006Q2	\$475,928	0.00142	0.00569	334,493,612	2005
NS - BLET & ATDA	2006Q1	2006Q2	\$28,503,675	0.08521	0.34086	334,493,612	2005
SOO - BLET	2006Q1	2006Q3	\$480,900	0.00144	0.00575	334,493,612	2005
SSAM - BMW	2005Q4	2006Q3	\$130,284	0.00039	0.00156	334,493,612	2005
Total				0.08846			
<div style="border: 1px solid black; padding: 5px; display: inline-block;">Should be slightly less than amortized amount.</div>							
Fell out							
SOO - IAM	2005Q1	2005Q4	\$287,100	0.00088	0.00350	327,712,768	2004

Interest Rate

2004/Q1	0.930
2004/Q2	0.930
2004/Q3	1.050
2004/Q4	1.515
2005/Q1	2.155
2005/Q2	2.540
2005/Q3	2.895
2005/Q4	3.460
2006/Q1	3.940
2006/Q2	4.440
2006/Q3	4.705
2006/Q4	4.975

Lump Sum Adjustment for 2006 Q4	→ 0.095758 or 0.096
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¹ IAM - BLE, CCP, DMIR, DWP, GTW, IC and WC

NCFO - DMIR

NCFO - BLE

NCFO - GTW

TCU-CAR - CCP

BMW - WC

² IBEW - DWP

NCFO - IC & CCP

BRS - GTW

TCU-CAR - WC

BRS - WC & SSAM

SCHEDULE: CN-US IAM, NCFO, TCU-CAR, BMW

Added 2006Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.01794			
2006/Q1	4	3.940	0.9850	\$0.01352	\$0.00460	\$0.00018	\$0.00442
2006/Q2	3	4.440	1.1100	\$0.00906	\$0.00461	\$0.00015	\$0.00446
2006/Q3	2	4.705	1.1763	\$0.00456	\$0.00461	\$0.00011	\$0.00450
2006/Q4	1	4.975	1.2438	\$0.00000	\$0.00461	\$0.00006	\$0.00456

SCHEDULE: CN-US Mix

Added 2006Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00569			
2006/Q2	4	4.440	1.1100	\$0.00429	\$0.00146	\$0.00006	\$0.00140
2006/Q3	3	4.705	1.1763	\$0.00288	\$0.00146	\$0.00005	\$0.00141
2006/Q4	2	4.975	1.2438	\$0.00145	\$0.00147	\$0.00004	\$0.00143
2007/Q1	1		0.0000	\$0.00000	\$0.00145	\$0.00000	\$0.00145

SCHEDULE: NS BLET & ATDA

Added 2006Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.34086			
2006/Q2	4	4.440	1.1100	\$0.25705	\$0.08759	\$0.00378	\$0.08381
2006/Q3	3	4.705	1.1763	\$0.17237	\$0.08771	\$0.00302	\$0.08468
2006/Q4	2	4.975	1.2438	\$0.08672	\$0.08779	\$0.00214	\$0.08565
2007/Q1	1		0.0000	\$0.00000	\$0.08672	\$0.00000	\$0.08672

SCHEDULE: SOO BLET

Added 2006Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00575			
2006/Q3	4	4.705	1.1763	\$0.00434	\$0.00148	\$0.00007	\$0.00141
2006/Q4	3	4.975	1.2438	\$0.00291	\$0.00148	\$0.00005	\$0.00143
2007/Q1	2		0.0000	\$0.00145	\$0.00145	\$0.00000	\$0.00145
2007/Q2	1		0.0000	\$0.00000	\$0.00145	\$0.00000	\$0.00145

SCHEDULE: SSAM BMW

Added 2006Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00156			
2006/Q3	4	4.705	1.1763	\$0.00118	\$0.00040	\$0.00002	\$0.00038
2006/Q4	3	4.975	1.2438	\$0.00079	\$0.00040	\$0.00001	\$0.00039
2007/Q1	2		0.0000	\$0.00039	\$0.00039	\$0.00000	\$0.00039
2007/Q2	1		0.0000	\$0.00000	\$0.00039	\$0.00000	\$0.00039

2006/Q4 RCAF Back Pay Amortization

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hr.	U.S. ST Hours	
CN-US - BMW&NCFO ¹	2005/Q1	2006/Q1	(\$671,264)	-0.00200681	-0.00803	334,493,612	2005
GTW - BRS	2005/Q4	2006/Q2	\$9,985	0.00002985	0.00012	334,493,612	2005
WC&SSAM&IC&DWP - various ²	Various	2006/Q2	(\$229,314)	-0.00068556	-0.00274	334,493,612	2005
BNSF - BLET	2005/Q3	2006/Q2	\$1,346,129	0.00402438	0.01610	334,493,612	2005
CCP - TCU	2006/Q3	2006/Q3	(\$46,471)	-0.00013893	-0.00056	334,493,612	2005
SOO - BLET	2006/Q3	2006/Q3	\$4,124,260	0.01232986	0.04932	334,493,612	2005
IC various	2006/Q1	2006/Q4	\$587,093	0.00175517	0.00702	334,493,612	2005
Total				0.01531			

Should be slightly less
than amortized amount.

Fell out

SOO - 5 unions	2005/Q2	2005/Q4	\$605,329	0.00184713	0.00739	327,712,768	2004
GTW & KCS - ATDA	2004/Q3	2005/Q4	(\$201,643)	-0.00061530	-0.00246	327,712,768	2004
National - IAM	2005/Q3	2005/Q4	\$46,985,188	0.14337308	0.57349	327,712,768	2004

Interest Rate

2004/Q1	0.930
2004/Q2	0.930
2004/Q3	1.050
2004/Q4	1.515
2005/Q1	2.155
2005/Q2	2.540
2005/Q3	2.895
2005/Q4	3.460
2006/Q1	3.940
2006/Q2	4.440
2006/Q3	4.705
2006/Q4	4.975

Back Pay Adjustment for 2006 Q4	→ 0.01578 or 0.016
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¹ BMW - WC, DWP and DMIR; NCFO - BLE and GTW

² BMW - SSAM; BRS - WC and SSAM; TCU-CAR - WC; NCFO - IC; IBEW - DWP

SCHEDULE: CN-US BMW & NCFO

Added 2006Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0.00803)			
2006/Q1	4	3.940	0.9850	(\$0.00605)	(\$0.00206)	(\$0.00008)	(\$0.00198)
2006/Q2	3	4.440	1.1100	(\$0.00406)	(\$0.00206)	(\$0.00007)	(\$0.00199)
2006/Q3	2	4.705	1.1763	(\$0.00204)	(\$0.00206)	(\$0.00005)	(\$0.00202)
2006/Q4	1	4.975	1.2438	(\$0.00000)	(\$0.00206)	(\$0.00003)	(\$0.00204)

SCHEDULE: GTW BRS

Added 2006Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00012			
2006/Q2	4	4.440	1.1100	\$0.00009	\$0.00003	\$0.00000	\$0.00003
2006/Q3	3	4.705	1.1763	\$0.00006	\$0.00003	\$0.00000	\$0.00003
2006/Q4	2	4.975	1.2438	\$0.00003	\$0.00003	\$0.00000	\$0.00003
2007/Q1	1		0.0000	\$0.00000	\$0.00003	\$0.00000	\$0.00003

SCHEDULE: SSAM BMW & BRS, WC BRS and TCU-CAR, IC NCFO, DWP IBEW

Added 2006Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0.00274)			
2006/Q2	4	4.440	1.1100	(\$0.00207)	(\$0.00070)	(\$0.00003)	(\$0.00067)
2006/Q3	3	4.705	1.1763	(\$0.00139)	(\$0.00071)	(\$0.00002)	(\$0.00068)
2006/Q4	2	4.975	1.2438	(\$0.00070)	(\$0.00071)	(\$0.00002)	(\$0.00069)
2007/Q1	1		0.0000	\$0.00000	(\$0.00070)	\$0.00000	(\$0.00070)

SCHEDULE: BNSF BLET

Added 2006Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.01610			
2006/Q2	4	4.440	1.1100	\$0.01214	\$0.00414	\$0.00018	\$0.00396
2006/Q3	3	4.705	1.1763	\$0.00814	\$0.00414	\$0.00014	\$0.00400
2006/Q4	2	4.975	1.2438	\$0.00410	\$0.00415	\$0.00010	\$0.00404
2007/Q1	1		0.0000	\$0.00000	\$0.00410	\$0.00000	\$0.00410

SCHEDULE: CCP TCU

Added 2006Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0.00056)			
2006/Q3	4	4.705	1.1763	(\$0.00042)	(\$0.00014)	(\$0.00001)	(\$0.00014)
2006/Q4	3	4.975	1.2438	(\$0.00028)	(\$0.00014)	(\$0.00001)	(\$0.00014)
2007/Q1	2		0.0000	(\$0.00014)	(\$0.00014)	\$0.00000	(\$0.00014)
2007/Q2	1		0.0000	\$0.00000	(\$0.00014)	\$0.00000	(\$0.00014)

SCHEDULE: SOO BLET

Added 2006Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.04932			
2006/Q3	4	4.705	1.1763	\$0.03721	\$0.01269	\$0.00058	\$0.01211
2006/Q4	3	4.975	1.2438	\$0.02496	\$0.01271	\$0.00046	\$0.01225
2007/Q1	2		0.0000	\$0.01248	\$0.01248	\$0.00000	\$0.01248
2007/Q2	1		0.0000	\$0.00000	\$0.01248	\$0.00000	\$0.01248

SCHEDULE: IC BMW, BRS, IBBM, IBEW, SMW, TCU, TCU-CAR

Added 2006Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0.00702			
2006/Q4	4	4.975	1.2438	\$0.00530	\$0.00181	\$0.00009	\$0.00172
2007/Q1	3		0.0000	\$0.00353	\$0.00177	\$0.00000	\$0.00177
2007/Q2	2		0.0000	\$0.00177	\$0.00177	\$0.00000	\$0.00177
2007/Q3	1		0.0000	\$0.00000	\$0.00177	\$0.00000	\$0.00177

Health and Welfare

	Employees Receiving		Monthly Contribution		Total	Total
	Pay 2005		2005 Avg.	2006	2005 Avg.	2006
1. All Employees						
a. Group health	170,499	\$948.19	\$1,001.02	\$161,665,446.81	\$170,672,908.98	
b. Group dental	170,499	47.20	47.20	8,047,552.80	8,047,552.80	
c. Early retirement major medical	170,499	90.57	87.86	15,442,094.43	14,980,042.14	
d. Group vision	170,499	10.84	10.66	1,848,209.16	1,817,519.34	
2. Supplemental Sickness						
a. Signalmen	5,958	32.00	32.00	190,656.00	190,656.00	
b. Shopcrafts	25,344	61.00	61.00	1,545,984.00	1,545,984.00	
c. MOW	25,221	36.00	36.00	907,956.00	907,956.00	
d. Yardmasters	2,331	44.48	47.06	103,682.88	109,696.86	
3. Short-Term Disability						
a. Engineers (CSX, KCS, UP)	15,933	40.00	40.00	637,320.00	637,320.00	
b. Engineers (SOO)	487	0.00	40.00	0.00	19,480.00	
4. Monthly Total Premiums				190,388,902.08	198,929,116.12	
5. Monthly Employee Contributions To H&W						
a. National BLET (BNSF, CSX, KCS, NS, UP)	27,634	(\$96.61)	(\$127.64)	(\$2,669,720.74)	(\$3,527,203.76)	
b. National BMW (BNSF, CSX, KCS, NS, UP)	23,266	\$0.00	\$0.00	\$0.00	0.00	
c. National BRS (BNSF, CSX, KCS, NS, UP)	5,641	(\$100.00)	(\$100.00)	(\$564,100.00)	(564,100.00)	
d. National IAM (BNSF, CSX, KCS, NS, UP)	6,516	(\$35.37)	(\$107.13)	(\$230,470.92)	(698,059.08)	
e. National IBBM (BNSF, CSX, KCS, NS, UP)	1,190	(\$94.38)	(\$123.28)	(\$112,312.20)	(146,703.20)	
f. National IBEW (BNSF, CSX, KCS, NS, UP)	4,766	(\$103.06)	(\$131.96)	(\$491,183.96)	(628,921.36)	
g. National NCFO (BNSF, CSX, KCS, NS, UP)	2,295	(\$78.06)	(\$131.96)	(\$179,147.70)	(302,848.20)	
h. National SMW (BNSF, CSX, KCS, NS, UP)	1,054	(\$78.06)	(\$131.96)	(\$82,275.24)	(139,085.84)	
i. National TCU (BNSF, CSX, KCS, NS, UP)	8,681	(\$94.43)	(\$123.28)	(\$819,746.83)	(1,070,193.68)	
j. National TCU-CAR (BNSF, CSX, KCS, NS, UP)	10,337	(\$94.43)	(\$123.28)	(\$976,122.91)	(1,274,345.36)	
k. National UTU (BNSF, CSX, KCS, NS, UP)	42,709	(\$103.06)	(\$131.96)	(\$4,401,589.54)	(5,635,879.64)	
l. National UTU-Yardmasters (BNSF, CSX, KCS, NS)	1,670	(\$103.06)	(\$131.96)	(\$172,110.20)	(220,373.20)	
m. Indep. Dispatchers (wt. avg. BNSF, CSX, KCS, NS)	1,754	(\$97.21)	(\$128.88)	(\$170,506.34)	(226,055.52)	
n. Independent CNGT (wt avg all 104 union categories)	6,044	(\$42.21)	(\$53.80)	(\$255,117.24)	(325,167.20)	
o. Independent SOO (weighted average all 13 unions)	2,556	(\$50.64)	(\$93.37)	(\$129,435.84)	(238,653.72)	
p. Independent UP (Yardmasters only)	503	(\$94.38)	(\$123.28)	(\$47,473.14)	(62,009.84)	
Total Major Union	146,616			(\$11,301,312.80)	(\$15,059,599.60)	
All Other Employee Contributions*				(\$3,290,694.95)	(\$3,290,694.95)	
6. Net Employer Monthly Payments				\$175,796,894.33	\$180,578,821.57	
7. Ratio Projected Year to Base Year, Based on Net Monthly Payments					1.02720	
8. H&W hourly rate for base year				\$4.995		
9. H&W hourly rate for projected quarter						\$5.131

* Mostly non-union employee contributions.

Health and Welfare

Employer H&W Contribution

		2005 Pd. Employees	East	West
Supplemental Sickness Plan:				
a. Signalmen	BRS	5,958	2,652	3,306
b. Shopcrafts	Total	25,344	10,648	14,696
	IBEW	5,025	1,892	3,133
	IBBM	1,259	341	918
	TCU-Car	11,142	5,241	5,901
	IAM	6,840	2,598	4,242
	SMW	1,078	576	502
c. MOW	BMWED	25,221	9,572	15,649
d. Yardmasters	UTU-YMD	2,331	1,351	980

Short-Term Disability Contribution:

a. Engineers	Total BLET	15,933	5,774	10,159
	CSX	5,774		
	KCS	484		
	UP	9,675		
b. Engineers	SOO	487		

Sources/Notes:

Employee counts are from the 112-Class Wage Statistics. Monthly H&W premiums are from the NRLC, contracts, or the railroads. Projected quarter H&W Cost Sharing amounts are from the NRLC, union contracts, or pertinent railroads. Base year average monthly Cost Sharing amounts are from an AAR survey, NRLC, contracts, pertinent railroads. H&W hourly rate for base year benchmark is based on annual report and wage data. H&W rate for projected year is the benchmark figure updated by the ratio of projected year net payments to the base year. All Other employee contributions is the difference between total employee contributions for the base year and all known union amounts -- resulting in a non-union amount plus any adjustments caused by either opt-outs from union agreements or independent cost sharing agreements (if any) unknown to the AAR.

Health and Welfare

Employee H&W Cost Sharing

Group	Railroads	Contract Source
a. BLET	CSX, KCS, UP BNSF NS	Article IV Part B Section 1 (g) Article III Part B Section 1 (g) Article IX Sections 2 & 3
b. BMWE	BNSF, CSX, KCS, NS, UP	None -- wage increases offset
c. BRS	BNSF, CSX, KCS, NS, UP	Article III Part B Section 1 (d)
d. IAM	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (c)
e. IBBM	BNSF, CSX, KCS, NS, UP	Supplemental, SECTION 3 Part B Section 1 (d)
f. IBEW	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (g)
g. NCFO	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (g)
h. SMW	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (g)
i. TCU	BNSF, CSX, KCS, NS, UP	Article III Part B Section 1 (g)
j. TCU-Carmen	BNSF, CSX, KCS, NS, UP	Article III Part B Section 1 (g)
k. UTU	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (e)
l. UTU-YMD	BNSF, KCS, NS CSX	Article IV Part B Section 1 (e) Side Letter #1
m. Indep. Dispatchers	BNSF CSX KCS NS	Article III Part B Section 1 (d) SECTION III Part B Section 1 (g) Article II Part B Section 1 (g) App. A Part B Sec 1 (g) and H&W Side Letter H
n. Independent CN	all union categories incl. \$0 agrmnts	
o. Independent SOO	all unions	Provided by Canadian Pacific Railway
p. Independent UP yardmasters		Article III Part B Section 1 (g)

NATIONAL RAILWAY LABOR CONFERENCE

EMPLOYEE BENEFITS DEPARTMENT

1901 L STREET, N.W., WASHINGTON, D.C. 20036-3514 ♦♦♦♦ PHONE: (202) 862-7200 FAX: (202) 862-7253

JOSEPH EPSTEIN
Director Employee Benefits
(202) 862-7244
E-mail: jepstein@rrnrlc.org

SUSAN E. PARKS, CEBS
Benefits Administrator
(202) 862-7225
E-mail: sparks@rrnrlc.org

November 7, 2005

Mr. Clyde Crimmel
Director Statistical Information
Policy & Communications Department
AAR-5th Floor
50 F Street N.W.
Washington, D.C. 20009

Dear Mr. Crimmel:

The revised employer Payment Rates which are effective January 1, 2006 are as follows:

UNUMProvident - Supplemental Sickness Plans	
ShopCrafts	\$ 61.00
Signalmen	\$ 32.00
Maintenance of Way	\$ 36.00
Trustmark - Supplemental Sickness Plans	
Yardmasters	\$ 47.06
Railroad Employees National Health & Welfare Plan & National Railway Carriers/United Transportation Union H&W Plan	
Non-Hospital Road	\$1,001.02
Railroad Employees National Early Retirement Major Medical Benefit Plan	
Non-Hospital Road	\$ 87.86
Aetna - National Dental Plan	\$ 47.20
VSP - National Vision Plan	\$ 10.66

If you have any questions or need clarification, please contact me.

Very truly yours,



Susan E. Parks

cc: Glen Williams

NATIONAL RAILWAY LABOR CONFERENCE

EMPLOYEE BENEFITS DEPARTMENT

1901 L STREET, N.W., WASHINGTON, D.C. 20036-3514 ♦♦♦♦ PHONE: (202) 862-7200 FAX: (202) 862-7253

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E-mail: jepstein@rrnrlc.org

SUSAN E. PARKS, CEBS
Benefits Administrator
(202) 862-7225
E-mail: sparks@rrnrlc.org

November 23, 2004

Mr. Clyde Crimmel
Director Statistical Information
Policy & Communications Department
AAR-5th Floor
50 F Street N.W.
Washington, D.C. 20009

Dear Mr. Crimmel:

The revised employer Payment Rates which are effective January 1, 2005 are as follows:

UNUMProvident - Supplemental Sickness Plans	
ShopCrafts	\$ 61.00
Signalmen	\$ 32.00
Maintenance of Way	\$ 36.00
Trustmark - Supplemental Sickness Plans	
Yardmasters	\$ 44.48
Railroad Employees National Health & Welfare Plan & National Railway Carriers/United Transportation Union H&W Plan	
Non-Hospital Road	\$948.19
Railroad Employees National Early Retirement Major Medical Benefit Plan	
Non-Hospital Road	\$ 90.57
Aetna - National Dental Plan	\$ 47.20
VSP - National Vision Plan	\$ 10.84

If you have any questions or need clarification, please contact me.

Very truly yours,



Susan E. Parks

cc: Glen Williams

NATIONAL RAILWAY LABOR CONFERENCE

ECONOMIC RESEARCH DEPARTMENT

1901 L STREET, N.W., WASHINGTON, D.C. 20036-3514 ♦ ♦ PHONE: (202) 862-7200 FAX: (202) 862-7253

H. GLEN WILLIAMS JR.
Director Economic Research
(202) 862-7232
gwilliams@rrnrlc.org

April 20, 2006

July 1, 2006 Health and Welfare Contributions

Under 2000 Round National Agreements

IAM

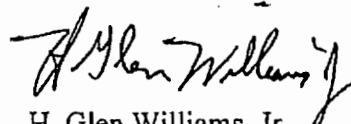
CIRCULAR NO. 504-101-7 (H&W)

CIRCULAR NO. 841-8-2 (IAM)

TO MEMBER ROADS:

The 2000 Round National Agreement with the above-referenced organization provides for employee cost-sharing contributions to be adjusted on July 1, 2006. The increase in monthly contributions will be \$1.02. The applicable National Agreement section and the entire amount of the monthly contribution effective July 1, 2006 are as follows:

Organization	2000 Round National Agreement Reference	Monthly Contribution
IAM	Article IV, Part B, Sect. 1 (c) of the July 28, 2005 Mediated Agreement	\$107.13



H. Glen Williams, Jr.

NATIONAL RAILWAY LABOR CONFERENCE

ECONOMIC RESEARCH DEPARTMENT

1901 L STREET, N.W., WASHINGTON, D.C. 20036-3514 ♦ ♦ PHONE: (202) 862-7200 FAX: (202) 862-7253

H. GLEN WILLIAMS Jr.
Director Economic Research
(202) 862-7232
gwilliams@rrnrlc.org

November 15, 2005

January 1, 2006 Health and Welfare Contributions

Under 2000 Round National Agreements

BLE, UTU, UTU-Yardmasters, BRS,

TCU-Clerks, TCU-Carmen, IAM, IBB, NCFO, IBEW, SMW

CIRCULAR NO. 504-101-5 (H&W)
CIRCULAR NO. 831-8-3 (BLE)
CIRCULAR NO. 832-10-3 (UTU, including YARDMASTERS)
CIRCULAR NO. 834-9-3 (TCU CLERKS)
CIRCULAR NO. 836-8-3 (BRS)
CIRCULAR NO. 837-9-3 (TCU CARMEN)
CIRCULAR NO. 838-9-3 (IBB)
CIRCULAR NO. 839-8-2 (NCFO)
CIRCULAR NO. 840-9-3 (IBEW)
CIRCULAR NO. 841-8 (IAM)
CIRCULAR NO. 842-9-2 (SMW)
CIRCULAR NO. 843-10-4 (UTU H&W)

TO MEMBER ROADS:

The 2000 Round National Agreements with the above-referenced organizations provide for employee cost-sharing contributions to be adjusted on January 1, 2006. **With the exception of BRS and IAM, the increase in monthly contributions will be \$25.85.** The applicable National Agreement sections and the entire amount of the monthly contributions effective January 1, 2006 are as follows:

Organization	2000 Round National Agreement Reference	Monthly Contribution
BLET	Article IV, Part B, Sect. 1 (f)	\$127.64
UTU	Article IV, Part B, Sect. 1 (d) of the Nov. 6, 2003 Supplemental Agreement	\$131.96
UTU-Yardmasters	Article IV, Part B, Sect. 1 (d) of Document B of the Nov. 6, 2003 Supplemental Agreement	\$131.96
TCU Clerks	Article III, Part B, Sect. 1 (f)	\$123.28
TCU Carmen	Article III, Part B, Sect. 1 (f)	\$123.28
BRS	Article III, Part B, Sect. 1 (d)	\$100.00

Organization	2000 Round National Agreement Reference	Monthly Contribution
IAM	Article IV, Part B, Sect. 1 (b)	\$106.11
IBB	Article IV, Part B, Sect. 1 (c)	\$123.28
IBEW	Article IV, Part B, Sect. 1 (f)	\$131.96
NCFO	Article IV, Part B, Sect. 1 (f)	\$131.96
SMW	Article IV, Part B, Sect. 1 (f)	\$131.96

X changed 7/1

NOTES:

ATDA's agreements during the 2000 round were reached locally. For those carriers that have an ATDA employee cost-sharing contribution provision substantively identical to any of the provisions referenced above, the January 1, 2006 increase in monthly contributions is \$25.85.

BMWE's January 1, 2006 COLA (NRLC Circular No. 835-11) reflects the contributions for employees represented by that organization.

BRS-represented employees are not subject to an increase in contributions after July 1, 2004, per Article III, Part B.

The IAM amount was effective July 1, 2005 and the next change in contribution will be effective July 1, 2006.

H. Glen Williams, Jr.

Rebench 2006Q3

Health and Welfare

Page 1 of 3 - U.S.

	Employees Receiving		Monthly Contribution		Total	Total
	Pay 2005		2005 Avg.	2006	2005 Avg.	2006
1. All Employees						
a. Group health	170,499	\$948.19	\$1,001.02	\$161,665,446.81	\$170,672,908.98	
b. Group dental	170,499	47.20	47.20	8,047,552.80	8,047,552.80	
c. Early retirement major medical	170,499	90.57	87.86	15,442,094.43	14,980,042.14	
d. Group vision	170,499	10.84	10.66	1,848,209.16	1,817,519.34	
2. Suppl. Sickness						
a. Signalmen	5,958	32.00	32.00	190,656.00	190,656.00	
b. Shopcrafts	25,344	61.00	61.00	1,545,984.00	1,545,984.00	
c. MOW	25,221	36.00	36.00	907,956.00	907,956.00	
d. Yardmasters	2,331	44.48	47.06	103,682.88	109,696.86	
3. Short-Term Disability (began 7/1/04)						
a. Engineers (CSX, KCS, UP)	15,933	40.00	40.00	637,320.00	637,320.00	
b. Engineers (SOO)	487	0.00	40.00	0.00	19,480.00	
4. Monthly Total Premiums				190,388,902.08	198,929,116.12	
5. Monthly Employee Contributions To H&W						
a. National BLET (BNSF, CSX, KCS, NS, UP)	27,634	(\$96.61)	(\$127.64)	(\$2,669,720.74)	(\$3,527,203.76)	
b. National BMW (BNSF, CSX, KCS, NS, UP)	23,266	\$0.00	\$0.00	\$0.00	0.00	
c. National BRS (BNSF, CSX, KCS, NS, UP)	5,641	(\$100.00)	(\$100.00)	(\$564,100.00)	(564,100.00)	
d. National IAM (BNSF, CSX, KCS, NS, UP)	6,516	(\$35.37)	(\$107.13)	(\$230,470.92)	(698,059.08)	
e. National IBBM (BNSF, CSX, KCS, NS, UP)	1,190	(\$94.38)	(\$123.28)	(\$112,312.20)	(146,703.20)	
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g. National NCFO (BNSF, CSX, KCS, NS, UP)	2,295	(\$78.06)	(\$131.96)	(\$179,147.70)	(302,848.20)	
h. National SMW (BNSF, CSX, KCS, NS, UP)	1,054	(\$78.06)	(\$131.96)	(\$82,275.24)	(139,085.84)	
i. National TCU (BNSF, CSX, KCS, NS, UP)	8,681	(\$94.43)	(\$123.28)	(\$819,746.83)	(1,070,193.68)	
j. National TCU-CAR (BNSF, CSX, KCS, NS, UP)	10,337	(\$94.43)	(\$123.28)	(\$976,122.91)	(1,274,345.36)	
k. National UTU (BNSF, CSX, KCS, NS, UP)	42,709	(\$103.06)	(\$131.96)	(\$4,401,589.54)	(5,635,879.64)	
l. National UTU-Yardmasters (BNSF, CSX, KCS, NS)	1,670	(\$103.06)	(\$131.96)	(\$172,110.20)	(220,373.20)	
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o. Independent SOO (weighted average all 13 unions)	2,556	(\$50.64)	(\$93.37)	(\$129,435.84)	(238,653.72)	
p. Independent UP (Yardmasters only)	503	(\$94.38)	(\$123.28)	(\$47,473.14)	(62,009.84)	
Total Major Union	146,616			(\$11,301,312.80)	(\$15,059,599.60)	
All Other Employee Contributions*				(\$3,290,694.95)	(\$3,290,694.95)	
6. Net Employer Payments				\$175,796,894.33	\$180,578,821.57	
7. Ratio Projected Year to Base Year, Based on Net Monthly Payments					1.02720	
8. H&W hourly rate for base year				\$4.995		
9. H&W hourly rate for projected quarter					\$5.131	

* Mostly non-union employee contributions.

Railroad Retirement and Medicare

Employees Receiving Pay	170,499	(2005 Benchmark, 2004 RRB Distribution)
Tier I Maximum	94,200	(Year = 2006)
Tier II Maximum	69,900	(Year = 2006)
Medicare Maximum	no limit	(Year = 2006)
Tier I Tax Rate	6.20%	(Year = 2006)
Tier II Tax Rate	12.60%	(Year = 2006)
Medicare Tax Rate	1.45%	(Year = 2006)

USA RCAF	Rate	Factor	RR Ret Tax	Hourly Rate	RR Ret Tax from RR_Retirement_05annual.xls, Hourly rate from SUPPL2005.xls
2004	\$28.151				
2005	\$28.884	1.02604	\$510,710,802	\$6.169	
1Q/2006	\$29.258	1.03932	\$522,335,776	\$6.309	Rate = Taxable Rate
2Q/2006	\$29.228	1.03826	\$521,956,600	\$6.305	
3Q/2006	\$29.278	1.04003	\$522,588,560	\$6.312	
4Q/2006	\$29.136	1.03499	\$520,793,793	\$6.291	

Railroad Retirement & Medicare, U.S.

1Q/2006

1Q/2006

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2005	Avg Annual Earnings (2004 RRB Stats)	Estimated Avg. Annual Earnings	Avg Qlty Earnings	Tier I	Tier II	Medicare Taxable	Tier I	Tier II	Medicare Taxable
						Taxable	Taxable		Tot Tax Emgs	Tot Tax Emg	
\$0 - 21699	0.442	754	\$12,023	\$12,496	\$3,124	\$3,124	\$3,124	\$3,124	\$2,354,224	\$2,354,224	\$2,354,224
21700 - 23699	0.147	251	\$22,279	23,155	5,789	5,789	5,789	5,789	1,450,861	1,450,861	1,450,861
23700 - 25699	0.098	167	\$24,280	25,235	6,309	6,309	6,309	6,309	1,054,114	1,054,114	1,054,114
25700 - 27699	0.147	251	\$26,084	27,110	6,777	6,777	6,777	6,777	1,698,651	1,698,651	1,698,651
27700 - 29699	0.393	670	\$28,966	30,105	7,526	7,526	7,526	7,526	5,043,055	5,043,055	5,043,055
29700 - 31699	0.393	670	\$30,903	32,118	8,030	8,030	8,030	8,030	5,380,292	5,380,292	5,380,292
31700 - 33699	0.442	754	\$32,523	33,802	8,450	8,450	8,450	8,450	6,368,329	6,368,329	6,368,329
33700 - 35699	0.982	1,674	\$34,820	36,189	9,047	9,047	9,047	9,047	15,147,917	15,147,917	15,147,917
35700 - 37699	1.081	1,843	\$36,792	38,239	9,560	9,560	9,560	9,560	17,619,426	17,619,426	17,619,426
37700 - 39699	2.407	4,104	\$38,771	40,296	10,074	10,074	10,074	10,074	41,342,406	41,342,406	41,342,406
39700 - 41699	3.684	6,281	\$40,821	42,426	10,607	10,607	10,607	10,607	66,621,731	66,621,731	66,621,731
41700 - 43699	5.059	8,626	\$42,623	44,299	11,075	11,075	11,075	11,075	95,525,946	95,525,946	95,525,946
43700 - 45699	6.336	10,803	\$44,646	46,402	11,600	11,600	11,600	11,600	125,317,112	125,317,112	125,317,112
45700 - 47699	5.648	9,630	\$46,659	48,494	12,123	12,123	12,123	12,123	116,746,204	116,746,204	116,746,204
47700 - 49699	5.010	8,542	\$48,690	50,605	12,651	12,651	12,651	12,651	108,066,268	108,066,268	108,066,268
49700 - 51699	4.371	7,453	\$50,748	52,744	13,186	13,186	13,186	13,186	98,268,062	98,268,062	98,268,062
51700 - 53699	4.322	7,369	\$52,763	54,838	13,709	13,709	13,709	13,709	101,024,544	101,024,544	101,024,544
53700 - 55699	4.273	7,285	\$54,568	56,714	14,178	14,178	14,178	14,178	103,296,019	103,296,019	103,296,019
55700 - 57699	4.077	6,951	\$56,625	58,852	14,713	14,713	14,713	14,713	102,273,138	102,273,138	102,273,138
57700 - 59699	3.487	5,945	\$58,558	60,861	15,215	15,215	15,215	15,215	90,458,803	90,458,803	90,458,803
59700 - 61699	3.978	6,782	\$60,811	63,202	15,801	15,801	15,801	15,801	107,166,631	107,166,631	107,166,631
61700 - 63699	3.094	5,275	\$62,674	65,139	16,285	16,285	16,285	16,285	85,905,383	85,905,383	85,905,383
63700 - 65699	3.684	6,281	\$64,677	67,220	16,805	16,805	16,805	16,805	105,555,810	105,555,810	105,555,810
65700 - 67699	3.045	5,192	\$66,763	69,388	17,347	17,347	17,347	17,347	90,060,799	90,060,799	90,060,799
67700 - 69699	3.536	6,029	\$68,663	71,363	17,841	17,841	17,841	17,841	107,559,230	107,559,230	107,559,230
69700 - 71699	2.701	4,605	\$70,716	73,497	18,374	18,374	17,475	18,374	84,616,474	84,616,474	84,616,474
71700 - 73699	2.210	3,768	\$72,765	75,626	18,907	18,907	17,475	18,907	71,240,582	71,240,582	71,240,582
73700 - 75699	2.259	3,852	\$74,718	77,656	19,414	19,414	17,475	19,414	67,306,228	67,306,228	67,306,228
75700 - 77699	2.014	3,434	\$76,805	79,825	19,956	19,956	17,475	19,956	60,006,526	60,006,526	60,006,526
77700 - 79699	1.424	2,428	\$78,562	81,651	20,413	20,413	17,475	20,413	49,560,442	49,560,442	49,560,442
79700 - 81699	1.424	2,428	\$80,845	84,024	21,006	21,006	17,475	21,006	51,000,661	51,000,661	51,000,661
81700 - 83699	1.768	3,014	\$82,696	85,948	21,487	21,487	17,475	21,487	64,770,823	64,770,823	64,770,823
83700 - 85699	1.621	2,764	\$84,537	87,861	21,965	21,965	17,475	21,965	60,707,521	60,707,521	60,707,521
85700 - 87699	1.621	2,764	\$86,720	90,130	22,533	22,533	17,475	22,533	62,275,172	62,275,172	62,275,172
87700 - 89699	1.916	3,267	\$88,564	92,047	23,012	23,012	17,475	23,012	75,173,606	75,173,606	75,173,606
89700 - 91699	0.884	1,507	\$90,772	94,341	23,585	23,585	17,475	23,585	35,494,823	35,494,823	35,494,823
91700 - 93699	1.031	1,758	\$92,678	96,322	24,081	23,550	17,475	24,081	41,397,242	30,718,336	42,329,971
93700 - 95699	0.688	1,173	\$94,631	98,352	24,588	23,550	17,475	24,588	20,498,754	20,498,754	28,842,608
95700 - over	8.303	14,157	\$128,358	133,406	33,351	23,550	17,475	33,351	333,386,328	247,385,396	472,139,823
TOTAL	100.000000	170,499	\$64,171					Total Taxable	2,701,855,145	2,488,888,710	2,842,812,359
								Tax Rate	0.062	0.126	0.0145

Railroad Retirement & Medicare, U.S.

2Q/2006

2Q/2006

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2005	Avg Annual Earnings (2004 RRB Stats)	Estimated Avg. Annual Earnings	Avg Qlty Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Emgs	Tier II Tot Tax Emgs	Medicare Tot Tax Emgs
\$0 - 21699	0.442	754	\$12,023	\$12,483	\$3,121	\$3,121	\$3,121	\$3,121	\$2,351,810	\$2,351,810	\$2,351,810
21700 - 23699	0.147	251	\$22,279	23,131	5,783	5,783	5,783	5,783	1,449,373	1,449,373	1,449,373
23700 - 25699	0.098	167	\$24,280	25,209	6,302	6,302	6,302	6,302	1,053,033	1,053,033	1,053,033
25700 - 27699	0.147	251	\$26,084	27,082	6,770	6,770	6,770	6,770	1,696,909	1,696,909	1,696,909
27700 - 29699	0.393	670	\$28,966	30,074	7,519	7,519	7,519	7,519	5,037,884	5,037,884	5,037,884
29700 - 31699	0.393	670	\$30,903	32,085	8,021	8,021	8,021	8,021	5,374,775	5,374,775	5,374,775
31700 - 33699	0.442	754	\$32,523	33,767	8,442	8,442	8,442	8,442	6,361,800	6,361,800	6,361,800
33700 - 35699	0.982	1,674	\$34,820	36,152	9,038	9,038	9,038	9,038	15,132,385	15,132,385	15,132,385
35700 - 37699	1.081	1,843	\$36,792	38,200	9,550	9,550	9,550	9,550	17,601,359	17,601,359	17,601,359
37700 - 39699	2.407	4,104	\$38,771	40,254	10,064	10,064	10,064	10,064	41,300,015	41,300,015	41,300,015
39700 - 41699	3.684	6,281	\$40,821	42,383	10,596	10,596	10,596	10,596	66,553,420	66,553,420	66,553,420
41700 - 43699	5.059	8,626	\$42,623	44,254	11,063	11,063	11,063	11,063	95,427,997	95,427,997	95,427,997
43700 - 45699	6.336	10,803	\$44,646	46,354	11,589	11,589	11,589	11,589	125,188,617	125,188,617	125,188,617
45700 - 47699	5.648	9,630	\$46,659	48,444	12,111	12,111	12,111	12,111	116,626,497	116,626,497	116,626,497
47700 - 49699	5.010	8,542	\$48,690	50,553	12,638	12,638	12,638	12,638	107,955,461	107,955,461	107,955,461
49700 - 51699	4.371	7,453	\$50,748	52,690	13,172	13,172	13,172	13,172	98,167,302	98,167,302	98,167,302
51700 - 53699	4.322	7,369	\$52,763	54,782	13,695	13,695	13,695	13,695	100,920,957	100,920,957	100,920,957
53700 - 55699	4.273	7,285	\$54,568	56,656	14,164	14,164	14,164	14,164	103,190,103	103,190,103	103,190,103
55700 - 57699	4.077	6,951	\$56,625	58,791	14,698	14,698	14,698	14,698	102,168,271	102,168,271	102,168,271
57700 - 59699	3.487	5,945	\$58,558	60,798	15,200	15,200	15,200	15,200	90,366,050	90,366,050	90,366,050
59700 - 61699	3.978	6,782	\$60,811	63,138	15,784	15,784	15,784	15,784	107,056,746	107,056,746	107,056,746
61700 - 63699	3.094	5,275	\$62,674	65,072	16,268	16,268	16,268	16,268	85,817,299	85,817,299	85,817,299
63700 - 65699	3.684	6,281	\$64,677	67,151	16,788	16,788	16,788	16,788	105,447,577	105,447,577	105,447,577
65700 - 67699	3.045	5,192	\$66,763	69,317	17,329	17,329	17,329	17,329	89,968,454	89,968,454	89,968,454
67700 - 69699	3.536	6,029	\$68,663	71,290	17,822	17,822	17,822	17,822	107,448,943	107,448,943	107,448,943
69700 - 71699	2.701	4,605	\$70,716	73,421	18,355	18,355	18,355	18,355	84,529,712	84,529,712	84,529,712
71700 - 73699	2.210	3,768	\$72,765	75,549	18,887	18,887	18,887	18,887	71,167,535	71,167,535	71,167,535
73700 - 75699	2.259	3,852	\$74,718	77,577	19,394	19,394	19,394	19,394	67,306,228	67,306,228	67,306,228
75700 - 77699	2.014	3,434	\$76,805	79,743	19,936	19,936	19,936	19,936	60,006,526	60,006,526	60,006,526
77700 - 79699	1.424	2,428	\$78,562	81,568	20,392	20,392	20,392	20,392	49,509,625	49,509,625	49,509,625
79700 - 81699	1.424	2,428	\$80,845	83,938	20,984	20,984	20,984	20,984	50,948,367	50,948,367	50,948,367
81700 - 83699	1.768	3,014	\$82,696	85,860	21,465	21,465	21,465	21,465	64,704,410	64,704,410	64,704,410
83700 - 85699	1.621	2,764	\$84,537	87,771	21,943	21,943	21,943	21,943	52,677,030	52,677,030	52,677,030
85700 - 87699	1.621	2,764	\$86,720	90,038	22,509	22,509	22,509	22,509	48,297,209	48,297,209	48,297,209
87700 - 89699	1.916	3,267	\$88,564	91,952	22,988	22,988	22,988	22,988	62,211,318	62,211,318	62,211,318
89700 - 91699	0.884	1,507	\$90,772	94,245	23,561	23,561	23,561	23,561	57,086,646	57,086,646	57,086,646
91700 - 93699	1.031	1,758	\$92,678	96,224	24,056	24,056	24,056	24,056	41,397,242	41,397,242	41,397,242
93700 - 95699	0.688	1,173	\$94,631	98,251	24,563	24,563	24,563	24,563	20,498,754	20,498,754	20,498,754
95700 - over	8.303	14,157	\$128,358	133,269	33,317	33,317	33,317	33,317	247,385,396	247,385,396	247,385,396
TOTAL	100.000	170,499							2,699,533,779	2,487,357,083	2,839,897,452
									0.062	0.126	0.0145
									Qty Pmt	\$167,371,094	\$313,406,992
									Tier I & II & Medicare		\$41,178,513
											\$521,956,600

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2005	Avg Annual Earnings (2004 RRB Stats)	Estimated Avg. Annual Earnings	Avg Qlty Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Emgs	Tier II Tot Tax Emgs	Medicare Tot Tax Emgs
\$0 - 21699	0.442	754	\$12,023	\$12,504	\$3,126	\$3,126	\$3,126	\$3,126	\$2,355,833	\$2,355,833	\$2,355,833
21700 - 23699	0.147	251	\$22,279	23,171	5,793	5,793	5,793	5,793	1,451,852	1,451,852	1,451,852
23700 - 25699	0.098	167	\$24,280	25,252	6,313	6,313	6,313	6,313	1,054,834	1,054,834	1,054,834
25700 - 27699	0.147	251	\$26,084	27,128	6,782	6,782	6,782	6,782	1,699,812	1,699,812	1,699,812
27700 - 29699	0.393	670	\$28,966	30,126	7,531	7,531	7,531	7,531	5,046,503	5,046,503	5,046,503
29700 - 31699	0.393	670	\$30,903	32,140	8,035	8,035	8,035	8,035	5,383,970	5,383,970	5,383,970
31700 - 33699	0.442	754	\$32,523	33,825	8,456	8,456	8,456	8,456	6,372,683	6,372,683	6,372,683
33700 - 35699	0.982	1,674	\$34,820	36,214	9,053	9,053	9,053	9,053	15,158,271	15,158,271	15,158,271
35700 - 37699	1.081	1,843	\$36,792	38,265	9,566	9,566	9,566	9,566	17,631,470	17,631,470	17,631,470
37700 - 39699	2.407	4,104	\$38,771	40,323	10,081	10,081	10,081	10,081	41,370,666	41,370,666	41,370,666
39700 - 41699	3.684	6,281	\$40,821	42,455	10,614	10,614	10,614	10,614	66,667,272	66,667,272	66,667,272
41700 - 43699	5.059	8,626	\$42,623	44,329	11,082	11,082	11,082	11,082	95,591,245	95,591,245	95,591,245
43700 - 45699	6.336	10,803	\$44,646	46,433	11,608	11,608	11,608	11,608	125,402,775	125,402,775	125,402,775
45700 - 47699	5.648	9,630	\$46,659	48,527	12,132	12,132	12,132	12,132	116,826,009	116,826,009	116,826,009
47700 - 49699	5.010	8,542	\$48,690	50,639	12,660	12,660	12,660	12,660	108,140,139	108,140,139	108,140,139
49700 - 51699	4.371	7,453	\$50,748	52,780	13,195	13,195	13,195	13,195	98,335,235	98,335,235	98,335,235
51700 - 53699	4.322	7,369	\$52,763	54,875	13,719	13,719	13,719	13,719	101,093,601	101,093,601	101,093,601
53700 - 55699	4.273	7,285	\$54,568	56,753	14,188	14,188	14,188	14,188	103,366,629	103,366,629	103,366,629
55700 - 57699	4.077	6,951	\$56,625	58,892	14,723	14,723	14,723	14,723	102,343,049	102,343,049	102,343,049
57700 - 59699	3.487	5,945	\$58,558	60,902	15,226	15,226	15,226	15,226	90,520,638	90,520,638	90,520,638
59700 - 61699	3.978	6,782	\$60,811	63,246	15,811	15,811	15,811	15,811	107,239,887	107,239,887	107,239,887
61700 - 63699	3.094	5,275	\$62,674	65,183	16,296	16,296	16,296	16,296	85,964,105	85,964,105	85,964,105
63700 - 65699	3.684	6,281	\$64,677	67,266	16,817	16,817	16,817	16,817	105,627,965	105,627,965	105,627,965
65700 - 67699	3.045	5,192	\$66,763	69,436	17,359	17,359	17,359	17,359	90,122,362	90,122,362	90,122,362
67700 - 69699	3.536	6,029	\$68,663	71,412	17,853	17,853	17,853	17,853	107,632,755	107,632,755	107,632,755
69700 - 71699	2.701	4,605	\$70,716	73,547	18,387	18,387	18,387	18,387	84,674,316	84,674,316	84,674,316
71700 - 73699	2.210	3,768	\$72,765	75,678	18,920	18,920	18,920	18,920	71,289,281	71,289,281	71,289,281
73700 - 75699	2.259	3,852	\$74,718	77,709	19,427	19,427	19,427	19,427	67,306,228	67,306,228	67,306,228
75700 - 77699	2.014	3,434	\$76,805	79,880	19,970	19,970	19,970	19,970	60,006,526	60,006,526	60,006,526
77700 - 79699	1.424	2,428	\$78,562	81,707	20,427	20,427	20,427	20,427	49,594,321	49,594,321	49,594,321
79700 - 81699	1.424	2,428	\$80,845	84,082	21,020	21,020	21,020	21,020	42,427,653	42,427,653	42,427,653
81700 - 83699	1.768	3,014	\$82,696	86,007	21,502	21,502	21,502	21,502	52,677,030	52,677,030	52,677,030
83700 - 85699	1.621	2,764	\$84,537	87,921	21,980	21,980	21,980	21,980	60,749,019	60,749,019	60,749,019
85700 - 87699	1.621	2,764	\$86,720	89,192	22,548	22,548	22,548	22,548	62,317,742	62,317,742	62,317,742
87700 - 89699	1.916	3,267	\$88,564	92,110	23,027	23,027	23,027	23,027	57,086,646	57,086,646	57,086,646
89700 - 91699	0.884	1,507	\$90,772	94,406	23,601	23,601	23,601	23,601	35,494,823	35,494,823	35,494,823
91700 - 93699	1.031	1,758	\$92,678	96,388	24,097	24,097	24,097	24,097	41,397,242	41,397,242	41,397,242
93700 - 95699	0.688	1,173	\$94,631	98,419	24,605	24,605	24,605	24,605	27,624,930	27,624,930	27,624,930
95700 - over	8.303	14,157	\$128,358	133,497	33,374	33,374	33,374	33,374	333,386,328	333,386,328	333,386,328
TOTAL	100.000	170,499							2,703,402,723	2,489,909,796	2,844,755,631
Tax Rate									0.062	0.126	0.0145
Qty Pmt									\$167,610,969	\$313,728,634	\$41,248,957
Tier I & II & Medicare											\$522,588,560

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2005	Avg Annual Earnings (2004 RRB Stats)	Estimated Avg. Annual Earnings	Avg Qlty Earnings	Tier I	Tier II	Medicare Taxable	Tier I	Tier II	Medicare Taxable
						Taxable	Taxable		Tot Tax Enrgs	Tot Tax Enrg	
\$0 - 4999	0.442	754	\$12,023	\$12,444	\$3,111	\$3,111	\$3,111	\$3,111	\$2,344,407	\$2,344,407	\$2,344,407
5000 - 9999	0.147	251	\$22,279	23,059	5,765	5,765	5,765	5,765	1,444,811	1,444,811	1,444,811
10000 - 12499	0.098	167	\$24,280	25,130	6,282	6,282	6,282	6,282	1,049,718	1,049,718	1,049,718
12500 - 14999	0.147	251	\$26,084	26,997	6,749	6,749	6,749	6,749	1,691,568	1,691,568	1,691,568
15000 - 17499	0.393	670	\$28,966	29,980	7,495	7,495	7,495	7,495	5,022,027	5,022,027	5,022,027
17500 - 19999	0.393	670	\$30,903	31,984	7,996	7,996	7,996	7,996	5,357,857	5,357,857	5,357,857
20000 - 22499	0.442	754	\$32,523	33,661	8,415	8,415	8,415	8,415	6,341,775	6,341,775	6,341,775
22500 - 24999	0.982	1,674	\$34,820	36,038	9,010	9,010	9,010	9,010	15,084,753	15,084,753	15,084,753
25000 - 27499	1.081	1,843	\$36,792	38,079	9,520	9,520	9,520	9,520	17,545,956	17,545,956	17,545,956
27500 - 29999	2.407	4,104	\$38,771	40,128	10,032	10,032	10,032	10,032	41,170,016	41,170,016	41,170,016
30000 - 32499	3.684	6,281	\$40,821	42,249	10,562	10,562	10,562	10,562	66,343,932	66,343,932	66,343,932
32500 - 34999	5.059	8,626	\$42,623	44,114	11,029	11,029	11,029	11,029	95,127,622	95,127,622	95,127,622
35000 - 37499	6.336	10,803	\$44,646	46,208	11,552	11,552	11,552	11,552	124,794,565	124,794,565	124,794,565
37500 - 39999	5.648	9,630	\$46,659	48,292	12,073	12,073	12,073	12,073	116,259,396	116,259,396	116,259,396
40000 - 42499	5.010	8,542	\$48,690	50,394	12,598	12,598	12,598	12,598	107,615,653	107,615,653	107,615,653
42500 - 44999	4.371	7,453	\$50,748	52,524	13,131	13,131	13,131	13,131	97,858,304	97,858,304	97,858,304
45000 - 47499	4.322	7,369	\$52,763	54,609	13,652	13,652	13,652	13,652	100,603,291	100,603,291	100,603,291
47500 - 49999	4.273	7,285	\$54,568	56,477	14,119	14,119	14,119	14,119	102,865,295	102,865,295	102,865,295
50000 - 52499	4.077	6,951	\$56,625	58,606	14,652	14,652	14,652	14,652	101,846,679	101,846,679	101,846,679
52500 - 54999	3.487	5,945	\$58,558	60,607	15,152	15,152	15,152	15,152	90,081,608	90,081,608	90,081,608
55000 - 57499	3.978	6,782	\$60,811	62,939	15,735	15,735	15,735	15,735	106,719,768	106,719,768	106,719,768
57500 - 59999	3.094	5,275	\$62,674	64,867	16,217	16,217	16,217	16,217	85,547,174	85,547,174	85,547,174
60000 - 62499	3.684	6,281	\$64,677	66,940	16,735	16,735	16,735	16,735	105,115,663	105,115,663	105,115,663
62500 - 64999	3.045	5,192	\$66,763	69,099	17,275	17,275	17,275	17,275	89,685,263	89,685,263	89,685,263
65000 - 67499	3.536	6,029	\$68,663	71,066	17,766	17,766	17,766	17,766	107,110,730	107,110,730	107,110,730
67500 - 69999	2.701	4,605	\$70,716	73,190	18,298	18,298	18,298	18,298	84,263,640	84,263,640	84,263,640
70000 - 72499	2.210	3,768	\$72,765	75,311	18,828	18,828	18,828	18,828	70,943,523	70,943,523	70,943,523
72500 - 74999	2.259	3,852	\$74,718	77,332	19,333	19,333	19,333	19,333	67,306,228	67,306,228	67,306,228
75000 - 77499	2.014	3,434	\$76,805	79,492	19,873	19,873	19,873	19,873	60,006,526	60,006,526	60,006,526
77500 - 79999	1.424	2,428	\$78,562	81,311	20,328	20,328	20,328	20,328	49,353,785	49,353,785	49,353,785
80000 - 84999	1.424	2,428	\$80,845	83,674	20,918	20,918	20,918	20,918	42,427,653	42,427,653	42,427,653
85000 - 89999	1.768	3,014	\$82,696	85,590	21,397	21,397	21,397	21,397	64,500,742	64,500,742	64,500,742
90000 - 94999	1.621	2,764	\$84,537	87,495	21,874	21,874	21,874	21,874	60,454,383	60,454,383	60,454,383
95000 - 99999	1.621	2,764	\$86,720	89,754	22,439	22,439	22,439	22,439	62,015,497	62,015,497	62,015,497
100000 - 104999	1.916	3,267	\$88,564	91,663	22,916	22,916	22,916	22,916	74,860,147	74,860,147	74,860,147
105000 - 109999	0.884	1,507	\$90,772	93,948	23,487	23,487	23,487	23,487	35,494,823	35,494,823	35,494,823
110000 - 114999	1.031	1,758	\$92,678	95,921	23,980	23,980	23,980	23,980	41,397,242	41,397,242	41,397,242
115000 - 119999	0.688	1,173	\$94,631	97,942	24,486	24,486	24,486	24,486	27,624,930	27,624,930	27,624,930
120000 - 124999	8.303	14,157	\$128,358	132,849	33,212	33,212	33,212	33,212	333,386,328	333,386,328	333,386,328
TOTAL	100.000	170,499						Total Taxable	2,692,414,920	2,482,660,090	2,830,958,401
								Tax Rate	0.062	0.126	0.0145

RCAF Unemployment Insurance Tax

	Unemployment Ins.			RRB	Factor	Avg. Ann.	Un. Ins.
	Tax	Earnings	Hourly	Sample	To Update	Taxable	Hourly
	Rate	Base	Earnings	Year	RRB Sample	Earnings	Rate
			\$26.887	(2001)			
2002 Avg.	3.81%	\$13,200	\$27.258		1.013798	\$12,454.56	\$0.266
4Q/03	4.61%	\$13,440	\$28.088		1.044668	\$12,685.46	\$0.328
1Q/04	2.88%	\$13,560	\$28.090		1.044743	\$12,795.43	\$0.207
2Q/04	2.88%	\$13,560	\$28.478		1.059174	\$12,800.56	\$0.207
3Q/04	2.88%	\$13,560	\$28.760		1.069662	\$12,804.24	\$0.207
			\$27.258	(2002)			
2003 Avg.	4.61%	\$13,440	\$27.952		1.025460	\$12,566.01	\$0.322
4Q/04	2.88%	\$13,560	\$28.834		1.057818	\$12,688.80	\$0.203
1Q/05	2.28%	\$13,800	\$29.332		1.076088	\$12,913.18	\$0.164
2Q/05	2.28%	\$13,800	\$29.115		1.068127	\$12,909.59	\$0.164
3Q/05	2.28%	\$13,800	\$29.408		1.078876	\$12,914.43	\$0.164
			\$27.952	(2003)			
2004 Avg.	2.88%	\$13,560	\$28.151		1.007119	\$12,797.12	\$0.197
4Q/05	2.29%	\$13,800	\$29.157		1.043110	\$13,030.55	\$0.159
1Q/06	2.36%	\$14,340	\$29.277		1.047403	\$13,526.36	\$0.170
2Q/06	2.36%	\$14,340	\$29.255		1.046616	\$13,526.05	\$0.170
3Q/06	2.36%	\$14,340	\$29.302		1.048297	\$13,526.71	\$0.170
			\$28.151	(2004)			
2005 Avg.	2.29%	\$13,800	\$28.884		1.026038	\$12,810.75	\$0.162
3Q/06 reb.	2.36%	\$14,340	\$29.278		1.040034	\$13,298.60	\$0.173
4Q/06	2.36%	\$14,340	\$29.136		1.034990	\$13,295.94	\$0.173
1Q/07					0.000000		---
2Q/07					0.000000		---
3Q/07					0.000000		---

Note: Average Annual Taxable Earnings is calculated from the RRB 1% sample data, by multiplying the average annual earnings in the file times the "Factor", and limiting the amount to the earnings base. Thus, the annual hourly earnings used for the calculation of the Factor is for the RRB sample year, and the Factor brings the earnings in the RRB 1% sample file to the current quarter's level.

2005 rate changes from 2.28% to 2.29% because rebenchmarking to 2004 (and later) wage statistics and annual report data adds BL&E and DMIR to the railroad group.



ASSOCIATION OF AMERICAN RAILROADS

MEMORANDUM

TO: Self
FROM: Clyde Crimmel
cc: Shou-Lien Liu
DATE: November 9, 2005
RE: Unemployment Insurance Tax Rate for 2006

Unemployment Insurance rates for 2006 can range from a minimum of 0.65 percent to a maximum of 12 percent on monthly earnings up to \$1,195. A 1.5 percentage point surcharge will be in effect for 2006, meaning the minimum tax rate is effectively 2.15 percent. Marla Huddleston, Chief, Division of Benefit and Employment Analysis at the Railroad Retirement Board, said in her November 9 e-mail that the weighted average 2006 Unemployment Insurance rate for Class I railroads is **2.36 percent**.

Currently, we are using 2004 wage statistics that Class I railroads do not include the Texas Mexican Railway which KCS took control on January 1, 2005. When we rebenchmark in the fall of 2006, KCS may include Texas Mexican in its 2005 wage statistics. If this railroad is included, the 2006 weighted average Unemployment Insurance rate for Class I railroads will be still 2.36 percent.

**Tax Rates and Maximum Taxable Earnings Under Social Security,
Railroad Retirement and Railroad Unemployment Insurance Programs, Continued**

Period	Railroad Retirement					Railroad Unemployment Insurance				Unemployment Repayment	
	Maximum earnings base [3]		Tax rate (percent) [3]			Maximum monthly taxable earnings	Employer tax rate [5] (percent)	Surcharge or (pooled credit)	New employer tax rate (percent)	Tax [4]	
			Tier 1	Tier 2						Maximum taxable earnings	Employer tax rate (percent)
	Tier 1 [7]	Tier 2	Employer & employee each	Employer	Employee						
1991	53,400	39,600	7.65	16.1	4.9	785	5.55 - 12.0	...	8.00	765	4.0
1992	55,500	41,400	7.65	16.1	4.9	785	3.10 - 12.0	(3.12)	8.00	785	4.0
1993	57,600	42,900	7.65	16.1	4.9	810	0.65 - 12.0	(5.31)	7.30	810	4.0
1994	60,600	45,000	7.65	16.1	4.9	840	0.65 - 12.0	(0.22)	6.06		
1995	61,200	45,300	7.65	16.1	4.9	850	0.65 - 12.0	...	4.15		
1996	62,700	46,500	7.65	16.1	4.9	865	0.65 - 12.0	...	2.31		
1997	65,400	48,600	7.65	16.1	4.9	890	0.65 - 12.0	...	1.16		
1998	68,400	50,700	7.65	16.1	4.9	925	2.15 - 12.0	1.5	0.65		
1999	72,600	53,700	7.65	16.1	4.9	970	2.15 - 12.0	1.5	0.92		
2000	76,200	56,700	7.65	16.1	4.9	1,005	0.65 - 12.0	...	1.67		
2001	80,400	59,700	7.65	16.1	4.9	1,050	2.15 - 12.0	1.5	2.59		
2002	84,900	63,000	7.65	15.6	4.9	1,100	3.15 - 12.0	2.5	2.71		
2003	87,000	64,500	7.65	14.2	4.9	1,120	3.15 - 12.0	2.5	2.36		
2004	87,900	65,100	7.65	13.1	4.9	1,130	2.15 - 12.0	1.5	2.38		
2005	90,000	66,900	7.65	12.6	4.4	1,150	2.15 - 12.0	1.5	3.43		
2008	94,200	69,900	7.65	12.6	4.4	1,195	2.15 - 12.0	1.5	4.03		
2007 and later	[2]	[2]	7.65	[8]	[8]	[2]	[5]	[5]	[5]		

1 Before tax credit. Employees received a credit of 0.3 percent in 1984. The self-employed received a credit of 2.7 percent in 1984, 2.3 percent in 1985 and 2.0 percent in 1986-89.

2 Based on automatic adjustments in proportion to increases in average earnings levels.

Earnings bases are monthly through 1984 and annual for 1985 and later. October 1, 1973 was the effective date for the allocation of railroad retirement taxes by tiers, subject to a moratorium for certain railroad labor organizations. The tier 1 tax rate was set equal to the current social security tax rate.

4 This temporary tax applied to employers until all pre-October 1985 loans from the Railroad Retirement Account were fully repaid with interest on June 29, 1993. Earnings bases are annual through 1988 and monthly for 1989-1993.

5 Taxes are paid only by employer. From 1948 through 1988, the rate for a calendar year was based on a graduated schedule depending on the preceding September 30 account balance (including administration fund). Except for certain commuter railroads, the rate for 1989-1990 was fixed at 8.0 percent. Beginning in 1991, each employer's rate is experience-based, with a minimum of 0.65 percent and a maximum of 12 percent, or 12.5 percent if a 3.5 percent surcharge applies due to a low account balance.

6 Taxes are paid only by employers. The supplemental annuity tax was repealed for calendar years after 2001.

7 Beginning in 1991, the portion of the tier 1 tax rate which does not exceed the social security HI tax rate is applied to earnings up to the HI maximum taxable amount. In 1993, a 1.45 percent tax applied to earnings up to \$135,000 and a 6.2 percent tax applied to earnings up to \$57,600.

8 Beginning in 2004, the tier 2 tax rate will be determined annually from a tax rate schedule based on the average account benefits ratio. The average account benefits ratio is the average for the 10 fiscal years preceding the calendar year of the ratio of the fair market value of the assets in the Railroad Retirement Account and the National Railroad Retirement Investment Trust as of the close of each fiscal year to the total benefits and administrative expenses paid from those accounts during the fiscal year. Employer tax rates can range from 8.2 percent to 22.1 percent. Employee tax rates can range from 0 percent to 4.9 percent.

The SAS System
TOTAL GROSS EARNINGS AND AVERAGE GROSS EARNINGS-2004 RRB File

The MEANS Procedure

Variable	N	Sum	Mean
ANUAL_US	2722	34870859.82	12810.75
QTRLY_US	2722	36191538.93	13295.94

The SAS System
Factors and Caps 2005 and 2006Q4

The MEANS Procedure

Variable	N	Sum	Mean
FactorA	2722	2792.88	1.0260380
FactorQ	2722	2817.24	1.0349900
Capa	2722	37563600.00	13800.00
Capq	2722	39033480.00	14340.00

The MEANS Procedure

Variable	N	Sum	Mean
ANUAL_US	2722	34870859.82	12810.75
QTRLY_US	2722	36198794.27	13298.60

The SAS System
Factors and Caps 2005 and 2006Q3 rebenchmarked

The MEANS Procedure

Variable	N	Sum	Mean
FactorA	2722	2792.88	1.0260380
FactorQ	2722	2830.97	1.0400340
Capa	2722	37563600.00	13800.00
Capq	2722	39033480.00	14340.00



This Week In Petroleum

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Summary

Crude Oil

Gasoline

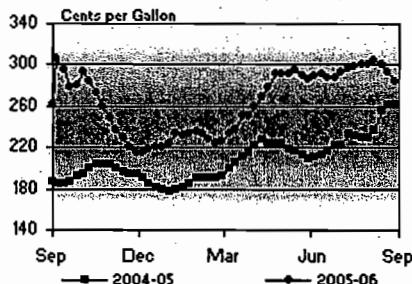
Distillate

Propane

Scroll over labels below to see different charts.

Retail Prices (Cents Per Gallon)

Regular Gasoline Prices



Released on August 30, 2006

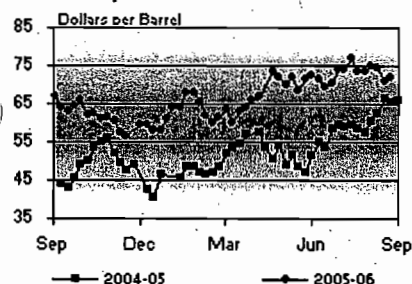
(Next Release on September 7, 2006)

Are Current Conditions an Indicator of the Future?

With the Washington Redskins making it to the conference semi-finals last year and adding key players and coaches to the team during the offseason, Redskins fans and some NFL analysts expected great things from the team this year. But after watching opponents outscore the Redskins by 87-17 in the first 3 preseason games, fans are starting to worry that their expectations were set too high. But the team's dismal performance to date has many people wondering if expectations were set too high. With gasoline and crude oil prices dropping over the past several weeks, many people are wondering if this may be the start of a long downward trend that will lead oil prices to significantly lower levels in the near future.

Spot Prices (Cents Per Gallon)

Spot Crude WTI Prices



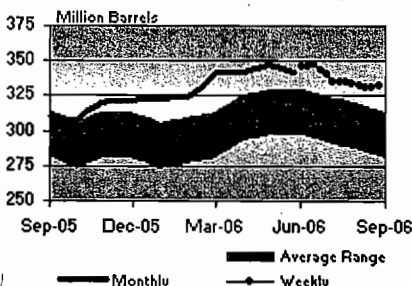
Spot Prices	Change From Last	
08/25/06	Week	Year
Crude Oil WTI	72.13 ↑ 1.20	↑ 6.08
Gasoline (NY)	187.0 ↓ -9.1	↑ 1.3
Diesel Fuel (NY)	222.3 ↑ 3.1	↑ 35.4
Heating Oil (NY)	199.3 ↑ 5.1	↑ 17.5
Propane Gulf Coast	114.2 ↑ 1.8	↑ 17.6

Note: Crude Oil WTI Price in Dollars per Barrel.

While it is certainly possible that oil prices could continue the recent trend, dropping significantly over the next few months, there are several reasons why EIA believes the price drop may be limited. First, part of the reason prices have dropped recently is that upward pressure coming from gasoline during its peak demand season has vanished, with U.S. gasoline inventories apparently adequate to get through the upcoming Labor Day weekend, the nominal end of the peak season. Additionally, the lack of any major refinery or petroleum infrastructure damage through August, whether due to hurricanes or other reasons, has kept gasoline markets relatively calm. Thus, with the end of the peak gasoline season behind us and the peak heating fuel season not yet here, the market may be simply reflecting the usual shoulder period forces as it transitions from summer to winter seasons, resulting in an absence of product price pressures.

Stocks (Million Barrels)

U.S. Crude Oil Stocks



Stocks	Change From Last	
08/25/06	Week	Year
Crude Oil	332.8 ↑ 2.4	↑ 11.4

Nevertheless, as we get closer to the upcoming winter season, any concerns about the future adequacy of heating oil supplies could keep upward pressure on oil prices. With strong global demand for distillate fuel (diesel fuel and heating oil combined), given that diesel fuel markets in Asia and Europe are particularly robust, heating oil prices may rise to attract sufficient imports this winter to balance demand. The fact that diesel fuel prices have not dropped precipitously, along with gasoline, is an indication that the current weakness does not extend to all petroleum product markets. In addition, many of the global situations that concerned oil markets earlier this year have not abated. For example, a United Nations deadline set for Iran to halt its nuclear enrichment program is just two days away, with no signs that Iran will adhere to this deadline. Oil supplies are still being disrupted in Nigeria, concerns about oil production in other parts of the world remain, and the peak of the hurricane season is still ahead. All of these issues could keep oil prices from falling much below \$70 per barrel.

While Redskins fans hope that the team's current performance is

Gasoline	206.2	↑ 0.4	↑ 11.8
Distillate	136.8	↑ 1.3	↑ 1.6
Propane	63.331	↑ 0.609	↓ -2.070

misleading, consumers are hoping that the recent price declines are a harbinger of future oil market trends. Whether current trends turn out to be an accurate predictor of future developments remains to be seen, both on the football field and in energy markets. For oil markets, at least, there may be many factors that could arrest or even reverse recent trends.

U.S. Average Retail Gasoline Price Fall Another 8 Cents

The U.S. average retail price for regular gasoline fell 7.9 cents last week to hit 284.5 cents per gallon as of August 28, which is 23.5 cents higher than last year. Prices fell for the third week in a row, to the lowest national average price since April 17, 2006. East Coast prices lost 7.6 cents to 285.7 cents per gallon, while the Midwest saw the largest regional price decrease of 9.8 cents to 276.3 cents per gallon. West Coast prices, still the highest in the nation, fell 5.7 cents to 304.1 cents per gallon, while California prices were 6.4 cents lower at 309.8 cents per gallon.

Retail diesel fuel prices fell by 0.6 cent to reach 302.7 cents per gallon as of August 28, 43.7 cents higher than last year. This is the fourth week in a row that prices have remained over the \$3 mark. Prices were mostly down throughout the country, with the Midwest seeing the largest regional decrease of 1.5 cents to 302.6 cents per gallon. The Rocky Mountains, which has the highest regional prices in the country, saw a decrease of 0.3 cent to 334.6 cents per gallon. East Coast prices gained 0.2 cent to 295.5 cents per gallon.

Propane Continues Moderate Build

With only about a month remaining in the normal seasonal stockbuild season for U.S. propane inventories, weekly gains are beginning to show signs of moderation that typically occur about this time of year. U.S. propane inventories recorded a gain of 0.6 million barrels last week, down from the prior week's 0.9-million-barrel modest gain and the lowest weekly increase since April 14, 2006. As of August 25, 2006, the nation's primary supply of propane stood at an estimated 63.3 million barrels. Moreover, while propane imports have surged over the last two weeks, inventory gains have lagged these volumes, possibly indicating that some import volumes may have bypassed primary storage and moved directly into private storage. While East Coast inventories remained unchanged last week, inventories in the Midwest and Gulf Coast regions moved up by 0.3 million barrels and 0.1 million barrels, respectively. The combined Rocky Mountain/West Coast regions posted a 0.1-million-barrel increase during this same time. Propylene non-fuel use inventories moved lower by 0.2 million barrels to account for a smaller 4.4 percent share of total propane/propylene inventories, compared with the prior week's 4.8 percent share.

Text from the previous editions of "This Week In Petroleum" is now accessible through a link at the top right-hand corner of this page.

Contact Us

URL: <http://tonto.eia.doe.gov/oog/info/twip/twip.asp>



NYMEX HEATING OIL PRICE

Daily	Current Trend	6 Mos Trend	Past 2 Mos	Past 12 Mos	Since 1978	Address	Home
-------	---------------	-------------	------------	-------------	------------	---------	------

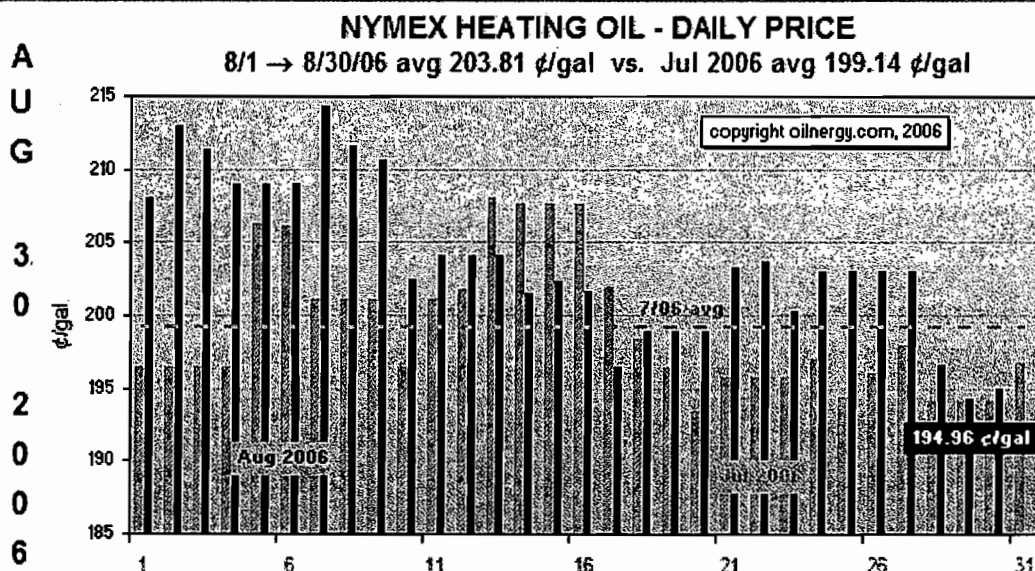
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Numeric data is available, click [here](#) for information.

Daily	Current Trend	6 Mos Trend	Past 2 Mos	Past 12 Mos	Since 1978	Address	Home
-------	---------------	-------------	------------	-------------	------------	---------	------

AAR MATERIALS AND SUPPLIES INDEX
Region By Composition
Third Quarter 2006
August 29, 2006

United States by Composition Category - Summary

Composition Category	Weight	Previous Quarter Index	Current Quarter Index	Relative Of Change
Forest Products	.1195	215.69	218.41	1.0126
Metal Products	.6489	160.54	163.53	1.0186
Miscellaneous Products	.2316	221.45	239.94	1.0835
U.S. By Composition	--	181.23	187.78	1.0361
U.S. By Composition (Linked)	--	185.83	192.54	1.0361
United States (1977=100)	--	264.44	273.98	1.0361
Linking Factor:	1.423			
United States (1980=100)	--	197.17	204.28	1.0361
Linking Factor:	1.061			

Car Hire for RCAF

RCAF (Forecast)

	1980	June 3Q/06	Sept. 4Q/06	Dec. 1Q/07	Mar. 2Q/07	June 3Q/07
RATE						
RR-OWNED TIME	31.00	66.00	66.00	0.00	0.00	0.00
RR-OWNED MILEAGE	4.69	7.30	7.30	0.00	0.00	0.00
PRIVATELY-OWNED CARS	25.47	44.00	43.82	#DIV/0!	#DIV/0!	#DIV/0!
AUTORACKS	47.00	47.31	47.93	#DIV/0!	#DIV/0!	#DIV/0!
INDEX						
RR-OWNED TIME	100.0	212.9	212.9	0.0	0.0	0.0
RR-OWNED MILEAGE	100.0	155.7	155.7	0.0	0.0	0.0
PRIVATELY-OWNED CARS	100.0	172.8	172.0	#DIV/0!	#DIV/0!	#DIV/0!
AUTORACKS	100.0	100.7	102.0	#DIV/0!	#DIV/0!	#DIV/0!
CAR HIRE INDEX (old wts) 2004	100.0	180.5	--	--	--	--
CAR HIRE INDEX (new wts) 2005	100.0	178.5	178.0	#DIV/0!	#DIV/0!	#DIV/0!
CAR HIRE INDEX (LINKED)	100.0	177.0	176.5	NA	NA	NA

Note: The Car Hire Index for third quarter using *old weights* and *linked* should match that quarter's filing. The third quarter *new weights* version is used in the fourth quarter linked index calculation to ensure that the transition from old weights to new weights does not impact the linked index.

Equipment Rents Data From UMLER

	2006				2007											
	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG		
Railroad Owned																
No. of Cars																
Superstructures	9,553	9,551	9,625													
Rate																
Superstructures #3 - Auto Rack	17.0	17.0	17.0													
All other #1 - Time	66.0	66.0	66.0													
All other #2 - Mileage	7.3	7.3	7.3													
Privately Owned																
No. of Cars																
Superstructures	48,911	48,912	49,015													
Covered Hoppers	317,763	319,516	320,056													
Tank Cars	277,762	278,283	278,772													
Others	267,750	271,063	274,276													
Rate																
Superstructures #1 - Time	75.0	75.0	75.0													
Superstructures #2 - Mileage	0.0	0.0	0.0													
Superstructures #3 - Auto Rack	53.0	53.0	54.0													
Covered Hoppers #2 - Mileage	44.5	44.4	44.5													
Tank Cars #2 - Mileage	68.8	69.0	69.3													
Others #1 - Time	70.0	69.0	68.0													
Others #2 - Mileage	6.7	6.7	6.7													
AVERAGE RATES																
Private Superstructures	17.63	17.63	17.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Private Others	22.24	22.02	21.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Private Total	43.92	43.82	43.82	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!		
Autoracks	47.12	47.12	47.93	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!		
WEIGHTS																
For RCAF & RCR																
RR-owned Time	0.235	0.181														
RR-owned Mileage	0.099	0.089														
Privately-owned Cars	0.666	0.730														
Autoracks	0.000	0.000														
----- Check sum	1.000	1.000														
Weights for Equipment Rents (not used in Car Hire calculation)																
2004	2005															
Car Hire - U.S.	0.510	0.492														
Lease Rentals - U.S.	0.490	0.508														
----- Check sum	1.000	1.000														

Note: The 4 bold lines are used for the Car Hire Rate. Private Total uses a weighted average of the Covered Hoppers, Tank Cars, Combined Private Superstructures, and Combined Private Others rates.

CAR GROUP		CAR		AVERAGE RATE FOR 09/06	
-----		-----		-----	
		CAR COUNT	TIME	CAR RENTAL RATES	AUTO RACK
		-----	-----	-----	-----
				MILEAGE	
-VEHICULAR FLATS		49,015	75 ¢/HR	.000 \$/MILE	54 ¢/HR
ONO. OF ZERO RATED VEH. FLATS 2/		17			
-COVERED HOPPERS		320,056	0 ¢/HR	.445 \$/MILE	
ONO. OF ZERO RATED COVERED HOPPERS 2/		9,576			
-TANKS		278,772	4 ¢/HR	.693 \$/MILE	
ONO. OF ZERO RATED TANKS 2/		8,818			
-ALL OTHER CARS		274,276	68 ¢/HR	.067 \$/MILE	
ONO. OF ZERO RATED "OTHER" CARS 2/		40,622			

0		TOTAL:			
		981,152			

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:

- CAR TYPE D - LOCOMOTIVES
- CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND EOT DEVICE
- CAR TYPE U - CONTAINERS
- CAR TYPE Z - TRAILERS

0 ALL TTX EQUIPMENT (INCLUDING ABOX, RBOX AND GONX) IS SHOWN ON THE PRIVATE EQUIPMENT REPORT.

-2/ EQUIPMENT CAN BE ZERO RATED DUE TO OWNERS SUPPLYING INCORRECT OR INSUFFICIENT INFORMATION TO THE CAR ACCOUNTING PROCESS OR CARS WITH RATE INDICATOR SIX (6). THIS EQUIPMENT IS ELIMINATED FROM THE AVERAGING PROCESS.

□

AVERAGE RATE FOR 09/06

CAR GROUP	CAR COUNT	CAR RENTAL RATES			AUTO RACK
		TIME	MILEAGE		
-VEHICULAR FLATS	9,625	127 ¢/HR	.080 \$/MILE		17 ¢/HR
ONO. OF ZERO RATED VEH. FLATS 2/	56				
-ALL OTHER CARS	703,082	66 ¢/HR	.073 \$/MILE		
ONO. OF ZERO RATED "OTHER" CARS 2/	34,256				
0	TOTAL:				
	747,019				

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES:

- CAR TYPE D - LOCOMOTIVES
- CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND EOT DEVICE
- CAR TYPE U - CONTAINERS
- CAR TYPE Z - TRAILERS

0 ALL TTX EQUIPMENT (INCLUDING ABOX, RBOX AND GONX) IS SHOWN ON THE PRIVATE EQUIPMENT REPORT.

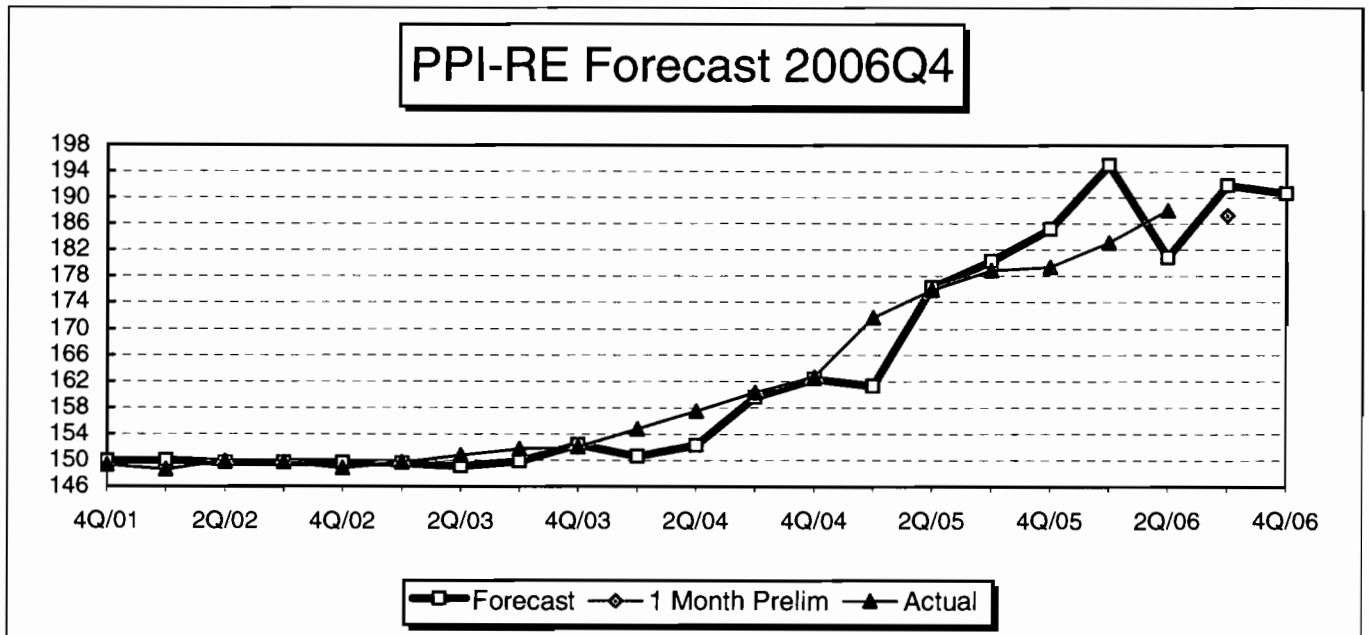
-2/ EQUIPMENT CAN BE ZERO RATED DUE TO OWNERS SUPPLYING INCORRECT OR INSUFFICIENT INFORMATION TO THE CAR ACCOUNTING PROCESS OR CARS WITH RATE INDICATOR SIX (6). THIS EQUIPMENT IS ELIMINATED FROM THE AVERAGING PROCESS.

PPI-RE Forecast (for Depreciation Component)

	Forecast	Actual	1 Month Prelim
4Q/01	150.0	149.3	
1Q/02	150.1	148.6	
2Q/02	149.7	149.9	
3Q/02	149.7	149.7	
4Q/02	149.7	148.8	
1Q/03	149.6	149.7	
2Q/03	149.1	150.8	
3Q/03	149.9	151.7	
4Q/03	152.4	152.0	
1Q/04	150.7	154.8	
2Q/04	152.3	157.5	
3Q/04	159.6	160.3	
4Q/04	162.4	162.7	
1Q/05	161.3	171.7	
2Q/05	176.3	175.9	
3Q/05	180.3	178.9	
4Q/05	185.1	179.4	
1Q/06	195.0	183.1	
2Q/06	180.9	188.1	
3Q/06	191.9		187.3
4Q/06	190.6		

1980 Base

	PPI-RE Forecast		Yr Ago Actual	Percent Change		
	(82=100)	(80=100)		Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2006Q4						
Low	166.7	184.4	2.8%			
Modpoint	172.3	190.6	6.2%	1.8%	1.3%	-0.7%
High	177.9	196.8	9.7%			



) Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2006Q4\5Deprec\FPre_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPIRE

Length 72 Minimum 134.500 Maximum 171.400
Mean 144.240 Standard deviation 12.211

Classical decomposition (multiplicative)

Trend-cycle: 98.02% Seasonal: 0.74% Irregular: 1.24%

Log transform recommended for Box-Jenkins.

Choice is narrowed down to Box-Jenkins or exponential smoothing.

Exponential smoothing outperforms Box-Jenkins by 2.143 to 6.083 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12. For Box-Jenkins, I used a log transform.

Series is trended and nonseasonal.

Recommended model: Exponential Smoothing

Forecast Model for PPIRE

Holt exponential smoothing: Linear trend, No seasonality

Confidence limits proportional to level

Component	Smoothing weight	Final Value
Level	0.99994	169.30
Trend	0.10547	0.74911

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 144.2	Standard deviation 12.21
R-square 0.9908	Adjusted R-square 0.9907
Durbin-watson 1.708	** Ljung-Box(18)=39.38 P=0.9975
Forecast error 1.179	BIC 1.234
MAPE 0.004385	RMSE 1.162
MAD 0.6679	

Forecast Report

Tue Aug 15 11:26:28 2006

Exponential Smoothing model for PPIRE

Analysis of Historic Fit Set

Date	Historic
2000-08	135.700
2000-09	135.900
2000-10	135.800
2000-11	135.800
2000-12	135.800
2001-01	135.900
2001-02	135.900
2001-03	135.400
2001-04	135.500
2001-05	135.600
2001-06	135.700
2001-07	135.100
2001-08	135.100

re_ppi.txt

2001-09	135.000
2001-10	134.600
2001-11	134.500
2001-12	134.500
2002-01	134.900
2002-02	134.600
2002-03	135.100
2002-04	135.000
2002-05	135.200
2002-06	135.400
2002-07	134.900
2002-08	135.000
2002-09	134.600
2002-10	134.500
2002-11	134.500
2002-12	134.500
2003-01	134.500
2003-02	135.400
2003-03	135.500
2003-04	136.000
2003-05	136.300
2003-06	136.300
2003-07	136.700
2003-08	136.500
2003-09	136.900
2003-10	137.200
2003-11	137.700
2003-12	137.300
2004-01	137.900
2004-02	140.100
2004-03	142.200
2004-04	142.800
2004-05	143.500
2004-06	143.700
2004-07	143.200
2004-08	143.500
2004-09	144.200
2004-10	145.000
2004-11	147.000
2004-12	153.200
2005-01	153.400
2005-02	156.000
2005-03	161.600
2005-04	161.100
2005-05	161.300
2005-06	161.200
2005-07	161.500
2005-08	161.800
2005-09	161.800
2005-10	161.700
2005-11	161.900
2005-12	162.200
2006-01	164.200
2006-02	165.500
2006-03	168.200
2006-04	169.100
2006-05	169.500
2006-06	171.400
2006-07	169.300

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper	re_ppi.txt
2006-08	167.424	170.049	172.675	
2006-09	166.885	170.798	174.712	
2006-10	166.675	171.548	176.420	
2006-11	166.625	172.297	177.968	
2006-12	166.675	173.046	179.417	
2007-01	166.794	173.795	180.796	
2007-02	166.965	174.544	182.123	
2007-03	167.177	175.293	183.409	
2007-04	167.423	176.042	184.661	
2007-05	167.697	176.791	185.886	
2007-06	167.994	177.540	187.087	
2007-07	168.311	178.290	188.268	



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PPI Commodity Data

Series Catalog:

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2005	153.4	156.0	161.6	161.1	161.3	161.2	161.5	161.8	161.8	161.7	161.9	162.2	160.4
2006	164.2	165.5	168.2	169.1(P)	169.5(P)	171.4(P)	169.3(P)						

P : Preliminary. All indexes are subject to revision four months after original publication.

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Calculation of Interest Rate for RCAF

Sch. 210	2005 Col. b.
L. 42	1,212,476
L. 44	7,853
-L. 22	5,766
Tot. Interest	1,214,563

Sch. 200	(close of year) Col b.	(beg. of year) Col c.	Avg.
L. 30	0	0	
L. 39	899,959	914,603	
L. 41	2,782,351	3,043,532	
L. 42	1,363,355	1,539,227	
L. 43	2,040,717	2,363,157	
L. 44	0	0	
L. 45	8,743,091	8,114,201	
L. 46	112,769	21,462	
Tot. Debt	15,942,242	15,996,182	15,969,212.0 7.61%

Index (1980=100)

96.9

Sch. 210	1980 Col. b.
L. 44	1,015,377
L. 46	19,097
-L. 22	413
Tot. Interest	1,034,061

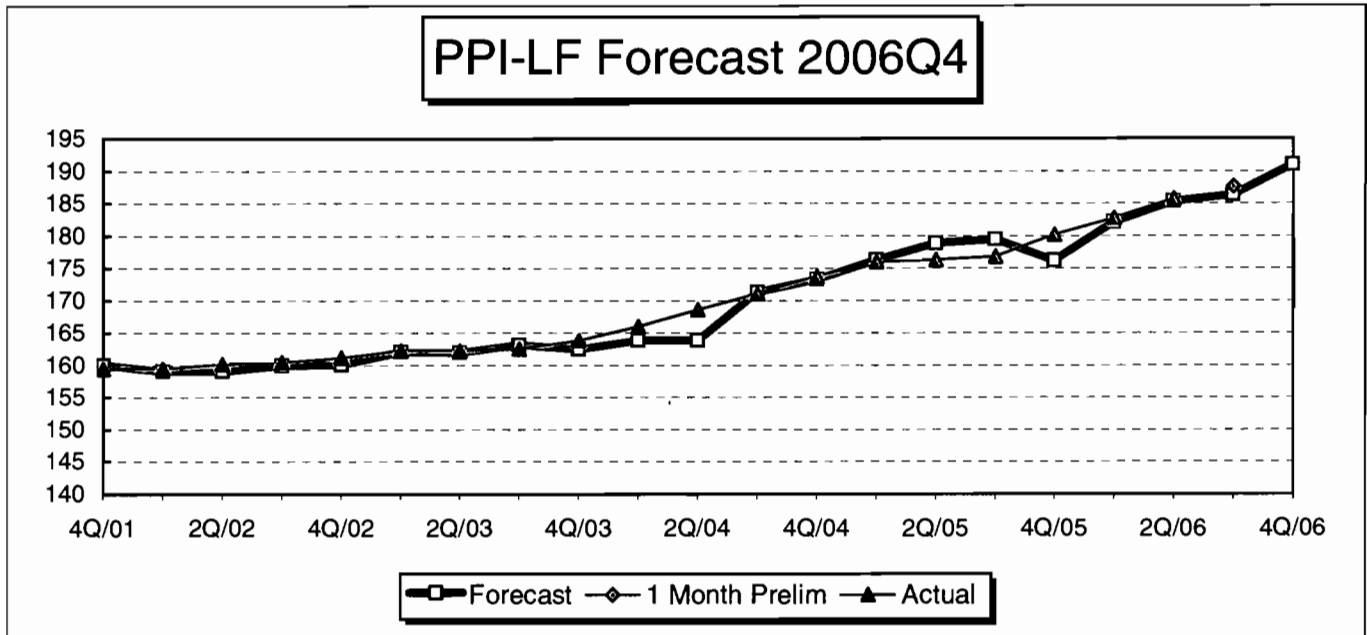
Sch. 200	Col b.	Col c.	
L. 26	56,047	40,480	
L. 34	975,151	1,016,289	
L. 36	4,459,060	4,230,627	
L. 37	6,110,818	5,461,765	
L. 38	1,477,000	1,519,719	
L. 39	207,142	207,142	
L. 40	393,362	279,509	
L. 41	(54,679)	(24,481)	
Tot. Debt	13,623,901	12,731,050	7.85%

PPI-LF Forecast (for Other and Lease Rentals Components)

	Forecast	Actual	1 Month Prelim
4Q/01	160.2	159.5	
1Q/02	159.2	159.5	
2Q/02	159.2	160.2	
3Q/02	160.1	160.5	
4Q/02	160.2	161.2	
1Q/03	162.2	162.3	
2Q/03	162.1	162.3	
3Q/03	163.2	162.6	
4Q/03	162.6	163.8	
1Q/04	163.9	166.0	
2Q/04	163.9	168.6	
3Q/04	171.4	171.1	
4Q/04	173.3	173.7	
1Q/05	176.3	176.0	
2Q/05	178.9	176.3	
3Q/05	179.5	176.8	
4Q/05	176.2	180.2	
1Q/06	182.1	182.7	
2Q/06	185.3	185.7	
3Q/06	186.3		187.6
4Q/06	190.9		

1980 Base

	PPI-LF Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2006Q4						
Low	167.4	187.7	4.2%			
Modpoint	170.3	190.9	5.9%	1.8%	2.8%	2.5%
High	173.3	194.3	7.8%			



lf_ppi.txt

) Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2006Q4\7Other\FPI\lf_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPILF

Length 72 Minimum 142.200 Maximum 167.300
Mean 149.433 Standard deviation 7.694

Classical decomposition (multiplicative)

Trend-cycle: 98.15% Seasonal: 0.34% Irregular: 1.51%

Log transform recommended for Box-Jenkins.

Choice is narrowed down to Box-Jenkins or exponential smoothing.

Box-Jenkins outperforms exponential smoothing by 1.069 to 1.950 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12. For Box-Jenkins, I used a log transform.

Series is trended and seasonal.

Recommended model: Box-Jenkins

Forecast Model for PPILF

ARIMA(1,1,0)*(0,1,1) with log transform

Term	Coefficient	Std. Error	t-Statistic	Significance
a[1]	0.6430	0.1001	6.4212	1.0000
B[12]	0.7893	0.0575	13.7222	1.0000

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 5.006	Standard deviation 0.05048
R-square 0.9981	Adjusted R-square 0.9981
Durbin-Watson 2.283	Ljung-Box(18)=21.47 P=0.7434
Forecast error 0.002224	BIC 0.3474
MAPE 0.001512	RMSE 0.3324
MAD 0.2277	

Forecast Report

Tue Aug 15 12:20:31 2006

Box-Jenkins model for PPILF

Analysis of Historic Fit Set

Date	Historic
2000-08	142.500
2000-09	142.700
2000-10	143.100
2000-11	142.900
2000-12	142.900
2001-01	143.500
2001-02	143.500
2001-03	143.600
2001-04	143.700
2001-05	143.700
2001-06	143.600
2001-07	143.200
2001-08	142.800
2001-09	142.800
2001-10	142.600

lf_ppi.txt

2001-11	142.300
2001-12	142.200
2002-01	142.200
2002-02	142.200
2002-03	142.400
2002-04	142.800
2002-05	142.700
2002-06	143.000
2002-07	143.000
2002-08	143.000
2002-09	143.200
2002-10	143.900
2002-11	143.800
2002-12	143.400
2003-01	144.000
2003-02	144.700
2003-03	145.300
2003-04	144.800
2003-05	144.900
2003-06	144.800
2003-07	144.600
2003-08	144.800
2003-09	145.000
2003-10	145.900
2003-11	146.100
2003-12	146.300
2004-01	147.200
2004-02	148.200
2004-03	149.100
2004-04	150.000
2004-05	150.500
2004-06	150.900
2004-07	151.500
2004-08	152.600
2004-09	153.300
2004-10	154.600
2004-11	155.000
2004-12	155.400
2005-01	156.400
2005-02	156.900
2005-03	157.400
2005-04	157.600
2005-05	157.400
2005-06	157.000
2005-07	157.300
2005-08	157.500
2005-09	158.700
2005-10	160.500
2005-11	161.000
2005-12	161.300
2006-01	162.500
2006-02	163.200
2006-03	163.800
2006-04	164.300
2006-05	165.800
2006-06	166.600
2006-07	167.300

Forecasted values

Date	2.5 Lower	Forecast	97.5 Upper
------	-----------	----------	------------

2006-08	167.137	167.932	lf_ppi.txt 168.732
2006-09	167.246	168.781	170.330
2006-10	167.793	170.051	172.341
2006-11	167.408	170.335	173.313
2006-12	166.987	170.529	174.146
2007-01	167.350	171.477	175.705
2007-02	167.443	172.106	176.900
2007-03	167.539	172.702	178.025
2007-04	167.423	173.047	178.861
2007-05	167.473	173.535	179.817
2007-06	167.286	173.753	180.470
2007-07	167.148	173.999	181.131



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PPI Commodity Data

Series Catalog:

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2005	156.4	156.9	157.4	157.6	157.4	157.0	157.3	157.5	158.7	160.5	161.0	161.3	158.3
2006	162.5	163.2	163.8	164.3(P)	165.8(P)	166.6(P)	167.3(P)						

P : Preliminary. All indexes are subject to revision four months after original publication.

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Forecast Error Calculation

	Second Quarter 2006		Diff
	2004 Weight	2006Q2 Forecast Actual	
Labor	36.0%	292.5	292.5 0.0
Fuel	12.1%	227.9	252.8 24.9
M&S	4.4%	187.5	187.5 0.0
Equip Rents	8.9%	186.8	187.1 0.3
Depreciation	10.6%	180.9	188.1 7.2
Interest	3.0%	92.7	92.7 0.0
Other	25.0%	185.3	185.7 0.4
Weighted Avg			
1980 = 100		226.0	229.9 calculated
1980 = 100 (linked)		223.8	228.7 calculated
4Q02 = 100		116.5	119.1 calculated
4Q97 = 100		129.2	132.0 calculated
4Q92 = 100		142.6	145.8 calculated

Forecast Error



2.6

calculated

Prior Quarter

1980 = 100	226.1	224.3 ***
1980 = 100 (linked)	223.9	223.1
4Q02 = 100	116.6	116.1
4Q97 = 100	129.3	128.8
4Q92 = 100	142.7	142.2

calculated
calculated
calculated

Equipment Rents

Car Hire	177.0	176.5	from UMLER equipment rents
Lease Rentals	185.3	185.7	calculated (equals PPI-LF from above)
Weighted Average	181.1	181.0	calculated
Linked	186.8	187.1	calculated

Prior Quarter

Weighted Average	179.0	179.1 ***
Linked	184.6	185.1

Sum of Weights
Sum of ER Wt.

ok
ok

if fourth quarter, weighted avg for prior needs to use new weights, linked is ok

All-Inclusive Index (Actual)

	04 Wts	3Q/05 03 Wts	3Q/05 04 Wts	% Chg.	4Q/05 04 Wts	1Q/06 04 Wts	% Chg.	2Q/06 04 Wts	% Chg.	3Q/06 04 Wts	% Chg.
Labor	36.0%	290.9	290.9	0.0%	287.7	292.1	-1.1%	292.5	0.1%		-100.0%
Fuel	12.1%	212.3	212.3	0.0%	283.4	219.8	33.5%	252.8	15.0%		-100.0%
M&S	4.4%	179.8	179.8	0.0%	179.9	185.6	0.1%	187.5	1.0%		-100.0%
Equipment Rents	8.9%	181.8	181.8	0.0%	183.8	185.1	1.1%	187.1	1.1%	0.0	-100.0%
Depreciation	10.6%	178.9	178.9	0.0%	179.4	183.1	0.3%	188.1	2.7%		-100.0%
Interest	3.0%	90.2	90.2	0.0%	92.7	92.7	2.8%	92.7	0.0%	92.7	0.0%
Other	25.0%	176.8	176.8	0.0%	180.2	182.7	1.9%	185.7	1.6%		-100.0%
	1.0000										
Weighted Avg.		221.4	220.4	-0.5%	229.0	224.3	3.9%	229.9	2.5%	2.8	-98.8%
Linked		219.2	219.2	0.0%	227.8	223.1	3.9%	228.7	2.5%	2.8	-98.8%
10/1/80		213.4	213.4	0.0%	221.8	217.2	3.9%	222.7	2.5%	2.7	-98.8%
10/1/82		181.3	181.3	0.0%	188.4	184.5	3.9%	189.2	2.5%	2.3	-98.8%
4Q/87		165.8	165.8	0.0%	172.3	168.8	3.9%	173.0	2.5%	2.1	-98.8%
4Q/92		139.7	139.7	0.0%	145.2	142.2	3.9%	145.8	2.5%	1.8	-98.8%
4Q/97		126.6	126.6	0.0%	131.5	128.8	3.9%	132.0	2.5%	1.6	-98.8%
4Q/02		114.1	114.1	0.0%	118.6	116.1	3.9%	119.1	2.6%	1.5	-98.7%
Equipment Rents											
Car Hire	51.0%	175.1	175.1	0.0%	175.5	175.7	0.2%	176.5	0.5%		-100.0%
Lease Rentals	49.0%	176.8	176.8	0.0%	180.2	182.7	1.9%	185.7	1.6%	0.0	-100.0%
	1.0000										
ER Weighted Avg		175.9	175.9	0.0%	177.8	179.1	1.1%	181.0	1.1%	0.0	-100.0%
ER Linked		181.8	181.8	0.0%	183.8	185.1	1.1%	187.1	1.1%	0.0	-100.0%

* Reflects the final actual third quarter values.

	03 Wts	04 Wts
LABOR	109.088	104.724
FUEL	22.504	25.688
M&S	7.911	7.911
EQUIP RENTS	17.089	16.180
DEPR	19.142	18.963
INTEREST	2.886	2.706
OTHER	42.786	44.200
Weighted Avg.	221.406	220.373

ER Weighted Avg.	175.9483	175.933
------------------	----------	---------

Note: 2005Q3 Labor differs from the filing because the filing did not have the new Q3 H&W employee cost sharing rates available, while the Actual uses the new rates.

RCAF Fuel (Actual All-Inclusive Index)

April 2006

Average Price for Monthly Report

	April 2006 Price (1)	1/1/81 Price (2)	1/91 New Method Linking Factors (3)	April 2006 Index 1/1/81=100 (4)
U.S.	206.88	89.34	99.415	230.21
East	204.45	91.56	99.435	222.03
West	207.89	87.83	99.416	235.31

$$(4) = (1) / (2) \times (3)$$

Fuel Index on 1977 Base and 1980 Base

	April 2006 Index 1/1/81=100 (1)	Linking Factors 1977=100 (2)	1980=100 (3)	April 2006 Index 1977=100 (4)	1980=100 (5)
U.S.	230.21	2.606	1.096	599.93	252.31
East	222.03	2.569	1.134	570.41	251.79
West	235.31	2.639	1.067	620.99	251.08

$$(4) = (1) \times (2)$$

$$(5) = (1) \times (3)$$

Final Actual All-inclusive Index

	1980=100 April 2006 Current Index	Adjustment Factor	April 2006 Linked Index
U.S.	252.31	1.00192	252.79 ←
East	251.79	1.00621	253.35
West	251.08	1.00024	251.14

January	= Q1
April	= Q2
July	= Q3
October	= Q4

Car Hire for RCAF

RCAF (Actual)

		1980	Aug 3Q/05	Nov. 4Q/05	Feb 1Q/06	May 2Q/06	Aug 3Q/06
RATE							
RR-OWNED TIME		31.00	66.00	66.00	66.00	66.00	66.00
RR-OWNED MILEAGE		4.69	7.30	7.30	7.30	7.30	7.30
PRIVATELY-OWNED CARS		25.47	43.39	43.55	43.64	43.93	43.82
AUTORACKS		47.00	50.28	51.13	46.44	47.30	47.12
INDEX							
RR-OWNED TIME		100.0	212.9	212.9	212.9	212.9	212.9
RR-OWNED MILEAGE		100.0	155.7	155.7	155.7	155.7	155.7
PRIVATELY-OWNED CARS		100.0	170.3	171.0	171.3	172.5	172.1
AUTORACKS		100.0	107.0	108.8	98.8	100.6	100.3
CAR HIRE INDEX (old wts)	2003	100.0	178.3	--	--	--	--
CAR HIRE INDEX (new wts)	2004	100.0	178.9	179.3	179.5	180.3	180.1
CAR HIRE INDEX (LINKED)		100.0	175.1	175.5	175.7	176.5	176.3

Equipment Rents Data From UMLER

	2005												2006											
	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	JULY	AUG	JULY	AUG	JULY	AUG	JULY	AUG	JULY	AUG
Railroad Owned																								
No. of Cars																								
Superstructures																								
Rate	8,223	8,223	8,233	8,223	8,210	8,187	8,159	8,485	8,459	8,447	8,428	8,402	9,553	9,551	9,553	9,551	9,553	9,551	9,553	9,551	9,553	9,551	9,553	9,551
Superstructures #3 - Auto Rack																								
All other #1 - Time	22.0	22.0	22.0	22.0	22.0	22.0	21.0	20.0	20.0	20.0	20.0	20.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
All other #2 - Mileage	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0
Privately Owned	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
No. of Cars																								
Superstructures	49,210	49,214	49,180	49,182	49,165	49,188	49,212	49,207	49,130	48,995	48,918	48,875	48,911	48,912	48,911	48,912	48,911	48,912	48,911	48,912	48,911	48,912	48,911	48,912
Covered Hoppers	304,934	307,041	308,423	307,615	308,118	309,256	310,037	310,704	311,695	312,924	314,490	315,641	317,762	319,516	317,762	319,516	317,762	319,516	317,762	319,516	317,762	319,516	317,762	319,516
Tank Cars	270,874	271,707	271,754	272,246	272,942	274,267	273,804	274,070	276,064	275,691	275,712	276,584	277,762	278,283	277,762	278,283	277,762	278,283	277,762	278,283	277,762	278,283	277,762	278,283
Others	249,672	249,865	252,725	253,069	254,993	255,832	256,415	256,818	260,465	262,302	262,427	264,394	267,750	271,063	267,750	271,063	267,750	271,063	267,750	271,063	267,750	271,063	267,750	271,063
Rate	74.0	74.0	74.0	74.0	74.0	74.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
Superstructures #1 - Time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Superstructures #2 - Mileage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Superstructures #3 - Auto Rack	55.0	55.0	56.0	56.0	56.0	57.0	51.0	51.0	52.0	52.0	52.0	52.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0
Covered Hoppers #2 - Mileage	44.3	44.3	44.4	44.4	44.5	44.6	44.1	44.2	44.3	44.3	44.3	44.4	44.5	44.4	44.5	44.4	44.5	44.4	44.5	44.4	44.5	44.4	44.5	44.4
Tank Cars #2 - Mileage	66.3	66.4	67.0	67.1	67.3	67.4	67.0	67.3	68.4	68.5	68.6	68.7	68.8	69.0	68.8	69.0	68.8	69.0	68.8	69.0	68.8	69.0	68.8	69.0
Others #1 - Time	71.0	71.0	70.0	70.0	70.0	70.0	72.0	72.0	72.0	71.0	71.0	71.0	70.0	69.0	70.0	70.0	70.0	69.0	70.0	70.0	70.0	69.0	69.0	69.0
Others #2 - Mileage	6.6	6.6	6.6	6.6	6.5	6.5	6.7	6.7	6.7	6.7	6.7	6.8	6.7	6.7	6.7	6.8	6.7	6.7	6.8	6.7	6.8	6.7	6.7	6.7
AVERAGE RATES																								
Private Superstructures	17.39	17.39	17.39	17.39	17.39	17.39	17.63	17.63	17.63	17.63	17.63	17.63	17.63	17.63	17.63	17.63	17.63	17.63	17.63	17.63	17.63	17.63	17.63	17.63
Private Others	22.36	22.36	22.14	22.14	22.04	22.04	22.68	22.68	22.68	22.46	22.46	22.56	22.24	22.02	22.46	22.56	22.24	22.02	22.46	22.56	22.24	22.02	22.46	22.56
Private Total	43.34	43.39	43.48	43.51	43.55	43.64	43.51	43.64	43.98	43.90	43.93	44.00	43.92	43.82	43.90	43.93	43.92	43.82	43.90	43.93	43.92	43.82	43.90	43.93
Autotracks	50.28	50.28	51.12	51.13	51.13	52.01	46.73	46.44	47.30	47.29	47.30	47.31	47.12	47.12	47.29	47.31	47.12	47.12	47.29	47.31	47.12	47.12	47.29	47.31

WEIGHTS

	2003	2004
For RCAF & RCR		
RR-owned Time	0.224	0.235
RR-owned Mileage	0.104	0.099
Privately-owned Cars	0.672	0.666
Autotracks	0.000	0.000
----- Check sum	1.000	1.000

Weights for Equipment Rents (not used in Car Hire calculation)

	2003	2004
Car Hire - U.S.	0.501	0.510
Lease Rentals - U.S.	0.499	0.490
----- Check sum	1.000	1.000

RCAF - Depreciation

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Forecast Year 2006

As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast →		06Q1	06Q2	06Q3	06Q4
For Actual →		05Q3	05Q4	06Q1	06Q2
January	2005	153.4	153.4	153.4	153.4
February	2005	156.0	156.0	156.0	156.0
March	2005	161.6	161.6	161.6	161.6
April	2005	161.1	161.1	161.1	161.1
May	2005	161.3	161.3	161.3	161.3
June	2005	161.2	161.2	161.2	161.2
July	2005	160.3	161.5	161.5	161.5
August	2005	161.8	161.8	161.8	161.8
September	2005	163.0	161.8	161.8	161.8
October	2005	162.8	162.8	161.7	161.7
November	2005		161.9	161.9	161.9
December	2005		161.9	162.2	162.2
January	2006		163.3	163.3	164.2
February	2006			165.4	165.5
March	2006			167.9	168.2
April	2006			169.1	169.1
May	2006				169.5
June	2006				171.4
July	2006				169.3
Actual Qtr.		161.7	162.2	165.5	170.0

1980=100

Actual Qtr.

First Mo. next qtr.

178.9	179.4	183.1	188.1
180.1	180.6	187.1	187.3

0.904 =1980



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PPI Commodity Data**Series Catalog:**

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2005	153.4	156.0	161.6	161.1	161.3	161.2	161.5	161.8	161.8	161.7	161.9	162.2	160.4
2006	164.2	165.5	168.2	169.1(P)	169.5(P)	171.4(P)	169.3(P)						

P : Preliminary. All indexes are subject to revision four months after original publication.

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RCAF - Other

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Forecast Year 2006

As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast	→	06Q1	06Q2	06Q3	06Q4
For Actual	→	05Q3	05Q4	06Q1	06Q2
January	2005	156.4	156.4	156.4	156.4
February	2005	156.9	156.9	156.9	156.9
March	2005	157.4	157.4	157.4	157.4
April	2005	157.6	157.6	157.6	157.6
May	2005	157.4	157.4	157.4	157.4
June	2005	157.0	157.0	157.0	157.0
July	2005	157.1	157.3	157.3	157.3
August	2005	157.3	157.5	157.5	157.5
September	2005	158.7	158.7	158.7	158.7
October	2005	160.2	160.2	160.5	160.5
November	2005		160.8	161.0	161.0
December	2005		161.1	161.3	161.3
January	2006		162.4	162.4	162.5
February	2006			163.2	163.2
March	2006			163.5	163.8
April	2006			164.3	164.3
May	2006				165.8
June	2006				166.6
July	2006				167.3
Actual Qtr.		157.7	160.7	163.0	165.6

1980=100

Actual Qtr.	176.8	180.2	182.7	185.7
First Mo. next qtr.	179.6	182.1	184.2	187.6

0.892 =1980



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Data extracted on: August 15, 2006 (08:46 AM)

PPI Commodity Data

Series Catalog:

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2005	156.4	156.9	157.4	157.6	157.4	157.0	157.3	157.5	158.7	160.5	161.0	161.3	158.3
2006	162.5	163.2	163.8	164.3(P)	165.8(P)	166.6(P)	167.3(P)						

P : Preliminary. All indexes are subject to revision four months after original publication.

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RCAF Weights

	U.S.	East	West	2005	2004	Amt Chg	2003	2002	2001
Labor	\$13,735,844	\$5,730,741	\$8,005,103	35.3%	36.0%	-0.7%	37.5%	38.0%	37.8%
Fuel	6,217,020	1,651,792	4,565,228	16.0%	12.1%	3.9%	10.6%	9.0%	10.5%
Mat & Sup.	1,813,366	719,135	1,094,231	4.6%	4.4%	0.2%	4.4%	4.6%	4.6%
Equip. Rents	3,199,830	853,409	2,346,421	8.2%	8.9%	-0.7%	9.4%	10.3%	10.5%
Depreciation	4,310,918	1,779,329	2,531,589	11.1%	10.6%	0.5%	10.7%	10.9%	10.6%
Interest	1,210,517	520,553	689,964	3.1%	3.0%	0.1%	3.2%	3.7%	3.8%
Other	8,430,545	3,908,696	4,521,849	21.7%	25.0%	-3.3%	24.2%	23.5%	22.2%
Total	\$38,918,040	\$15,163,655	\$23,754,385	100.0%	100.0%	-3.3%	100.0%	100.0%	100.0%

Check

410 620f	37,707,523
Interest	1,210,517
Total	38,918,040
	ok

Bolded number was adjusted to force rounded numbers to add to 100.0%.

Other	U.S.	East	West	2005	2004	Amt Chg.
Purch Service	\$5,307,070	\$2,547,020	\$2,760,050	13.6%	14.1%	-0.5%
Taxes	721,539	298,956	422,583	1.9%	1.9%	0.0%
Cas & Insur	1,057,590	439,916	617,674	2.7%	4.5%	-1.8%
Loss & Dam	117,590	50,449	67,141	0.3%	0.4%	-0.1%
Gen & Admn	1,226,756	572,355	654,401	3.2%	4.1%	-0.9%
Total	\$8,430,545	\$3,908,696	\$4,521,849	21.7%	25.0%	-3.3%

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Wages				
Sch 410				
620 (b)	9,477,947	3,585,608	5,892,339	0
NS Adj	463,017	463,017	0	0
Adj Wages	9,940,964	4,048,625	5,892,339	0

Wage Supplements

Sch 410				
112 (f)	345,315	178,972	166,343	0
113 (f)	49,796	4,708	45,088	0
114 (f)	120,285	57,919	62,366	0
205 (f)	214,878	78,063	136,815	0
224 (f)	160,327	55,632	104,695	0
309 (f)	11,336	6,767	4,569	0
414 (f)	1,676,998	646,738	1,030,260	0
430 (f)	497,884	244,928	252,956	0
505 (f)	2,179	1,207	972	0
512 (f)	25,913	14,533	11,380	0
522 (f)	132,268	51,623	80,645	0
611 (f)	380,332	163,657	216,675	0
Total	3,617,511	1,504,747	2,112,764	0
NS Adj	177,369	177,369	0	0
Adj Supp	3,794,880	1,682,116	2,112,764	0

Fuel

Sch. 410				
409 (c)	5,733,203	1,500,827	4,232,376	0
409 (d)	680	150	530	0
410 (c)	0	0	0	0
410 (d)	0	0	0	0
425 (c)	483,112	150,790	332,322	0
425 (d)	25	25	0	0
426 (c)	0	0	0	0
426 (d)	0	0	0	0
Total	6,217,020	1,651,792	4,565,228	0

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Materials and Supplies				
Sch. 410				
620 (c)	8,029,681	2,370,752	5,658,929	0
less				
409 (c)	5,733,203	1,500,827	4,232,376	0
410 (c)	0	0	0	0
425 (c)	483,112	150,790	332,322	0
426 (c)	0	0	0	0
Total	1,813,366	719,135	1,094,231	0
Equipment Rents				
Sch. 410				
211 (f)	11,186	617	10,569	0
212 (f)	-9,654	-42	-9,612	0
230 (f)	2,467,343	1,045,595	1,421,748	0
231 (f)	-930,171	-512,302	-417,869	0
315 (f)	93,271	47,203	46,068	0
316 (f)	-57,782	-23,634	-34,148	0
Rents	1,574,193	557,437	1,016,756	0
207 (f)	734,577	110,786	623,791	0
208 (f)	-14,755	-13,749	-1,006	0
226 (f)	726,863	194,044	532,819	0
227 (f)	-18,386	-12,801	-5,585	0
311 (f)	223,584	42,883	180,701	0
312 (f)	-26,246	-25,191	-1,055	0
Lease	1,625,637	295,972	1,329,665	0
Total	3,199,830	853,409	2,346,421	0
Car Hire	0.492	0.653	0.433	
Lease Rentals	0.508	0.347	0.567	
Total	1.000	1.000	1.000	

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Purchased Services				
Sch. 410				
620 (d)	9,147,991	4,040,990	5,107,001	0
less				
112 (d)	0	0	0	0
113 (d)	0	0	0	0
114 (d)	0	0	0	0
115 (d)	0	0	0	0
116 (d)	0	0	0	0
117 (d)	0	0	0	0
136 (d)	0	0	0	0
137 (d)	0	0	0	0
138 (d)	0	0	0	0
205 (d)	0	0	0	0
206 (d)	0	0	0	0
207 (d)	734,577	110,786	623,791	0
208 (d)	-14,755	-13,749	-1,006	0
211 (d)	11,186	617	10,569	0
212 (d)	-9,654	-42	-9,612	0
213 (d)	0	0	0	0
224 (d)	0	0	0	0
225 (d)	0	0	0	0
226 (d)	726,863	194,044	532,819	0
227 (d)	-18,386	-12,801	-5,585	0
230 (d)	2,467,343	1,045,595	1,421,748	0
231 (d)	-930,171	-512,302	-417,869	0
232 (d)	0	0	0	0
309 (d)	0	0	0	0
310 (d)	0	0	0	0
311 (d)	223,584	42,883	180,701	0
312 (d)	-26,246	-25,191	-1,055	0
315 (d)	93,271	47,203	46,068	0
316 (d)	-57,782	-23,634	-34,148	0
317 (d)	0	0	0	0
409 (d)	680	150	530	0
410 (d)	0	0	0	0
412 (d)	0	0	0	0
414 (d)	0	0	0	0
415 (d)	0	0	0	0
425 (d)	25	25	0	0
426 (d)	0	0	0	0
428 (d)	0	0	0	0
430 (d)	0	0	0	0
431 (d)	0	0	0	0
504 (d)	0	0	0	0
505 (d)	0	0	0	0
511 (d)	0	0	0	0
512 (d)	0	0	0	0
513 (d)	0	0	0	0
522 (d)	0	0	0	0
523 (d)	0	0	0	0
611 (d)	0	0	0	0
612 (d)	0	0	0	0
614 (d)	0	0	0	0
615 (d)	0	0	0	0
Total	5,947,456	3,187,406	2,760,050	0
- NS Adj W	463,017	463,017	0	0
- NS Adj S	177,369	177,369	0	0
Adj Pur Ser	5,307,070	2,547,020	2,760,050	0

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Depreciation				
Sch. 410				
136 (f)	2,060,305	782,834	1,277,471	0
137 (f)	402,317	49,459	352,858	0
138 (f)	629,167	391,143	238,024	0
213 (f)	608,469	231,495	376,974	0
232 (f)	363,659	222,488	141,171	0
317 (f)	247,001	101,910	145,091	0
Total	4,310,918	1,779,329	2,531,589	0

Interest				
Sch. 210				
42 (b)	1,212,476	520,318	692,158	0
44 (b)	7,853	235	7,618	0
less				0
22(b)	5,766	0	5,766	0
Total	1,214,563	520,553	694,010	0
Sch. 410 (times ratio of freight to total)				0
620 (f)	37,707,523	14,643,102	23,064,421	0
620 (h)	37,842,772	14,643,102	23,199,670	0
ratio (ff)		1.00000000	0.99417022	
Total	1,210,517	520,553	689,964	0

Note: U.S. = East + West

Taxes (other than income and payroll)				
Sch. 410				
614 (f)	551,387	219,746	331,641	0
615 (f)	170,152	79,210	90,942	0
Total	721,539	298,956	422,583	0

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Other (RCR Other, portion of RCAF Other)				
Other = Casualties & Insurance + Loss & Damage + General & Administrative				
Sch. 410				
Casualties & Insurance				
115 (f)	117,812	49,678	68,134	0
116 (f)	21,617	4,089	17,528	0
117 (f)	25,468	6,798	18,670	0
206 (f)	76,965	44,827	32,138	0
225 (f)	101,105	41,074	60,031	0
310 (f)	4,480	3,365	1,115	0
415 (f)	406,172	126,365	279,807	0
431 (f)	109,408	56,971	52,437	0
513 (f)	5,864	3,805	2,059	0
523 (f)	27,247	6,768	20,479	0
612 (f)	161,452	96,176	65,276	0
Total	1,057,590	439,916	617,674	0
Loss & Damage				
Sch. 410				
412 (f)	5,053	2,574	2,479	0
428 (f)	-4	0	-4	0
504 (f)	112,532	47,875	64,657	0
511 (f)	9	0	9	0
Total	117,590	50,449	67,141	0
General & Administrative				
Sch. 410				
620 (e)	11,051,904	4,645,752	6,406,152	0
+NS Adj S	<u>177,369</u>	<u>177,369</u>	<u>0</u>	0
620 (e) Adj	11,229,273	4,823,121	6,406,152	0
less				
W Supp Ad	3,794,880	1,682,116	2,112,764	0
Deprec.	4,310,918	1,779,329	2,531,589	0
Taxes	721,539	298,956	422,583	0
Cas & Ins	1,057,590	439,916	617,674	0
Loss & D	117,590	50,449	67,141	0
(e) = (f) chk	ok			
Total G&A	1,226,756	572,355	654,401	0
Total Other	2,401,936	1,062,720	1,339,216	
For RCAF Other, add Purchased Services and Taxes to RCR Other.				

RCR and RCAF Weights

	U.S.	East	West	US-E-W
Car Hire				
Sch.414				
19 (g)	1,040,067	529,284	510,783	0
less				
19 (d)	813,259	487,500	325,759	0
Time	226,808	41,784	185,024	0
18 (g)	114,931	69,810	45,121	0
less				
18 (d)	173,340	130,168	43,172	0
Time, A-Rk	-58,409	-60,358	1,949	0
Time, XAR	285,217	102,142	183,075	0
19 (f)	328,619	136,925	191,694	0
less				
19 (c)	187,872	95,762	92,110	0
Mileage	140,747	41,163	99,584	0
18 (f)	0	0	0	0
less				
18 (c)	0	0	0	0
Mi, A-Rk	0	0	0	0
Mile, XAR	140,747	41,163	99,584	0
19 (e)	1,098,657	379,386	719,271	0
less				
19 (b)	-70,960	-70,960	0	0
Private	1,169,617	450,346	719,271	0
18 (e)	18,022	0	18,022	0
less				
18 (b)	0	0	0	0
Priv, A-Rk	18,022	0	18,022	0
Priv., XAR	1,151,595	450,346	701,249	0
Time, A-Rk	-58,409	-60,358	1,949	0
Mi, A-Rk	0	0	0	0
Priv, A-Rk	18,022	0	18,022	0
Autorack	-40,387	-60,358	19,971	0

XAR means total excluding auto racks

RCR and RCAF Internal Weights

	U.S.	East	West	U.S. 2005	East 2005	West 2005	U.S. 2004	Amt Diff
Labor								
Wages	9,940,964	4,048,625	5,892,339	72.4%	70.6%	73.6%	72.2%	0.2%
Wage Supplem	3,794,880	1,682,116	2,112,764	27.6%	29.4%	26.4%	27.8%	-0.2%
Total	13,735,844	5,730,741	8,005,103	100.0%	100.0%	100.0%	100.0%	
	ok	ok	ok					
Depreciation (RCR)								
Road	3,091,789	1,223,436	1,868,353	71.7%	68.8%	73.8%	70.4%	1.3%
Locomotive	608,469	231,495	376,974	14.1%	13.0%	14.9%	15.2%	-1.1%
Freight Car	363,659	222,488	141,171	8.5%	12.5%	5.6%	9.0%	-0.5%
Other Equip.	247,001	101,910	145,091	5.7%	5.7%	5.7%	5.4%	0.3%
Total	4,310,918	1,779,329	2,531,589	100.0%	100.0%	100.0%	100.0%	
Check	ok	ok	ok					
Deprec - Other (RCR)								
Locomotive	608,469	231,495	376,974	62.6%	51.0%	72.8%	62.8%	-0.2%
Freight Car	363,659	222,488	141,171	37.4%	49.0%	27.2%	37.2%	0.2%
Total	972,128	453,983	518,145	100.0%	100.0%	100.0%	100.0%	
Equip. Rents								
Car Hire	1,574,193	557,437	1,016,756	49.2%	65.3%	43.3%	51.0%	-1.8%
Lease Rents	1,625,637	295,972	1,329,665	50.8%	34.7%	56.7%	49.0%	1.8%
Total	3,199,830	853,409	2,346,421	100.0%	100.0%	100.0%	100.0%	
Check	ok	ok	ok					
Interest (RCR)								
Road	109,342,312	46,489,733	62,852,579	81.0%	78.3%	83.2%	80.5%	0.5%
Locomotive	15,590,624	7,025,508	8,565,116	11.6%	11.8%	11.3%	11.7%	-0.1%
Freight Car	9,965,695	5,884,214	4,081,481	7.4%	9.9%	5.4%	7.8%	-0.4%
Total	134,898,631	59,399,455	75,499,176	100.0%	100.0%	99.9%	100.0%	
from Sch. 352B	ok	ok	ok					
Car Hire								
RR Time excl Autork	285,217			18.5%			23.9%	-5.4%
RR Mileage excl Auto	140,747			9.2%			10.1%	-0.9%
Private excl Autorack	1,151,595			74.9%			67.6%	7.3%
Autorack	-40,387			-2.6%			-1.6%	-1.0%
Total	1,537,172			100.0%			100.0%	
from Sch. 414	ok							
Car Hire, Adjusted to eliminate negative numbers								
RR Time excl Autork	285,217			18.1%			23.5%	-5.4%
RR Mileage excl Auto	140,747			8.9%			9.9%	-1.0%
Private excl Autorack	1,151,595			73.0%			66.6%	6.4%
Autorack	0			0.0%			0.0%	0.0%
Total	1,577,559			100.0%			100.0%	

Note: These numbers are all rounded to 3 digits after the decimal or 1 digit after the decimal for a percentage. In the event that the rounded percentages do not sum to 100.0%, the number that is closest to rounding in the other direction will be changed to force a 100.0% total. The number is identified by a **bold font**.

Benchmarks for Supplements 2005

Fringe Benefits (\$000)

From R-1 annual report Schedule 410, Column (h)

Line	Fringe Benefits Description	U.S.	East	West
112	Way & Structure - Running	\$349,143	\$178,972	\$170,171
113	Way & Structure - Switching	50,048	4,708	45,340
114	Way & Structure - Other	120,770	57,919	62,851
205	Equipment - Locomotives	216,422	78,063	138,359
224	Equipment - Freight Cars	160,327	55,632	104,695
309	Equipment - Other Equipment	15,538	6,767	8,771
414	Transportation - Train Operations	1,684,488	646,738	1,037,750
430	Transportation - Yard	499,018	244,928	254,090
505	Transportation - Train & Yard Common	2,179	1,207	972
512	Transportation - Specialized Service	25,913	14,533	11,380
522	Transportation - Administrative Support	133,863	51,623	82,240
611	General & Administrative	381,664	163,657	218,007
	NS Adj for Amount in Purchased Svc.	177,369	177,369	
	Total Fringe Benefits	\$3,816,742	\$1,682,116	\$2,134,626

Division of Fringe Benefits (\$000)

From R-1 annual report Schedule 450 and AAR survey.

Line	Description	U.S.	East	West
Note 1	Health & Welfare	\$1,670,932	\$819,549	\$851,382
5&6	Railroad Retirement & Medicare	2,063,521	815,252	1,248,269
7	Supplemental Annuities	(2)	0	(2)
8	Unemployment Insurance	54,049	22,888	31,161
Note 2	Other Fringe Benefits	28,242	24,427	3,816

Note 1

Health & Welfare is Total Fringe Benefits less Railroad Retirement, Medicare, Supplemental Annuities, Unemployment Insurance, and Other Fringe Benefits

Note 2

Other Fringe Benefits is 401(k) matches and employer contributions to employee stock plans. Information is provided by the railroads to the AAR and used in RCAF filings each quarter. No benchmark hourly rate is needed.

Hours from 2005 112-Class Wage Statistics

	U.S.	East	West
Total Straight Time Paid Hours	334,493,612	129,608,269	204,885,343

Hourly Rate Benchmarks for 2005	U.S.	East	West
Health & Welfare	\$4.995	\$6.323	\$4.155
Railroad Retirement & Medicare	\$6.169	\$6.290	\$6.093
Supplemental Annuities [not used]	(\$0.000)	\$0.000	(\$0.000)
Unemployment Insurance	\$0.162	\$0.177	\$0.152

Benchmarks for Supplements 2005 -- Comparison to Prior Year

Hourly Rate Benchmarks for 2005		U.S.
Health & Welfare		\$4.995
Railroad Retirement & Medicare		\$6.169
Unemployment Insurance		\$0.162

Hourly Rate Benchmarks for 2004		U.S.
Health & Welfare		\$4.788
Railroad Retirement & Medicare		\$6.050
Unemployment Insurance		\$0.197

Amount of Difference 2005 Less 2004		U.S.
Health & Welfare		\$0.207
Railroad Retirement & Medicare		\$0.119
Unemployment Insurance		(\$0.035)

Percent Difference 2005 Divided By 2004		U.S.
Health & Welfare		4.3%
Railroad Retirement & Medicare		2.0%
Unemployment Insurance		-18.0%

Possible Causes of Changes		
Health & Welfare Premiums		Higher
Change in Taxable Wages		2.6%
Railroad Retirement Tier II Tax Rate		Lower
Unemployment Insurance Tax Rate		Lower

Year-End 2005 ST Hourly Rates for U.S. (Highly Confidential)

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As of 12/31/2005						
	2005	ST	ST\$	Total ST\$	Total ST	ST Hourly
	ST Hrs Pd	HR	(excl ULS)	(excl ULS)	Hours	Rate
BLE ATDA	0	\$0.000	\$0.0			
BNSF ATDA	1,195,728	\$31.911	\$38,156,388.6			
CCP ATDA	0	\$0.000	\$0.0			
CSX ATDA	754,424	\$33.097	\$24,968,922.9			
DMIR ATDA	9,068	\$36.233	\$328,557.0			
DWP ATDA	8,148	\$32.989	\$268,796.0			
GTW ATDA	28,627	\$30.761	\$880,608.0			
IC ATDA	78,159	\$33.437	\$2,613,410.0			
KCS ATDA	68,395	\$30.465	\$2,083,672.6			
NS ATDA	845,263	\$27.274	\$23,053,792.0			
SOO ATDA	85,309	\$27.719	\$2,364,701.3			
SSAM ATDA	0	0	\$0.0			
UP ATDA	1,249,234	\$32.838	\$41,022,023.0			
WC ATDA	58,179	\$41.527	\$2,415,976.0			
zNat'l ATDA	0	\$0.000	\$0.0	\$138,156,847.4	4,380,534.0	\$31.53881
BLE BLET	21,837	\$21.846	\$477,054.0			
BNSF BLET	18,958,810	\$16.023	\$303,768,798.8			
CCP BLET	107,898	\$26.664	\$2,876,998.0			
DMIR BLET	64,021	\$23.779	\$1,522,324.6			
DWP BLET	66,739	\$33.165	\$2,213,367.0			
GTW BLET	428,921	\$33.191	\$14,236,192.0			
IC BLET	920,755	\$27.644	\$25,453,365.0			
NS BLET	9,662,056	\$23.531	\$227,356,429.0			
SOO BLET	1,094,546	\$19.385	\$21,217,508.0			
SSAM BLET	14,474	\$25.402	\$367,664.0			
WC BLET	553,569	\$25.343	\$14,029,071.0			
zNat'l BLET	34,755,742	\$23.607	\$820,463,753.7	\$1,433,982,524.9	66,649,368.0	\$21.51532
BLE BMWE	64,328	\$19.077	\$1,227,215.0			
CCP BMWE	169,631	\$20.168	\$3,421,138.0			
DMIR BMWE	0	\$0.000	0.0			
DWP BMWE	0	\$0.000	0.0			
GTW BMWE	442,094	\$19.667	\$8,694,841.0			
IC BMWE	968,038	\$20.122	\$19,478,577.9			
SOO BMWE	935,489	\$18.680	\$17,475,377.9			
SSAM BMWE	85,090	\$18.272	\$1,554,794.6			
WC BMWE	894,782	\$20.077	\$17,964,396.4			
zNat'l BMWE	41,362,345	\$19.827	\$820,087,648.0	\$889,903,988.8	44,921,797.0	\$19.81007
BLE BRS	9,431	\$21.516	\$202,916.0			
CCP BRS	30,011	\$23.164	\$695,162.0			
DMIR BRS	0	\$0.000	0.0			
DWP BRS	11,628	\$26.137	\$303,917.0			
GTW BRS	107,952	\$22.176	\$2,393,905.0			
IC BRS	204,349	\$23.346	\$4,770,677.2			
SOO BRS	112,661	\$21.153	\$2,383,120.6			
SSAM BRS	0	\$0.000	0.0			
WC BRS	105,824	\$26.426	\$2,796,495.0			
zNat'l BRS	10,521,218	\$23.158	\$243,654,222.0	\$257,200,414.8	11,103,074.0	\$23.16479
BLE IAM	9,693	\$21.551	\$208,895.0			
CCP IAM	8,753	\$21.359	\$186,954.0			
DMIR IAM	49,046	\$21.193	\$1,039,441.0			
DWP IAM	3,539	\$22.010	\$77,894.0			
GTW IAM	21,310	\$21.455	\$457,198.0			
IC IAM	281,970	\$21.713	\$6,122,315.0			
SOO IAM	169,503	\$20.742	\$3,515,827.7			
SSAM IAM	0	0	0.0			
WC IAM	39,585	\$17.616	\$697,322.0			
zNat'l IAM	11,559,751	\$21.149	\$244,475,088.5	\$256,780,935.2	12,143,150.0	\$21.14616
BLE IBBM	0	\$0.000	0.0			

Year-End 2005 ST Hourly Rates for U.S. (Highly Confidential)

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As of 12/31/2005						
	2005	ST	ST\$	Total ST\$	Total ST	ST Hourly
	ST Hrs Pd	HR	(excl ULS)	(excl ULS)	Hours	Rate
CCP IBBM	160	\$21.956	3,513.0			
DMIR IBBM	6,054	\$21.130	127,921.1			
DWP IBBM	0	\$0.000	0.0			
GTW IBBM	0	\$0.000	0.0			
IC IBBM	56,204	\$20.482	1,151,175.3			
SOO IBBM	64,528	\$22.954	1,481,176.6			
SSAM IBBM	0	0	0.0			
WC IBBM	0	\$0.000	0.0			
zNat'l IBBM	2,212,306	\$18.971	41,970,465.0	\$44,734,250.9	2,339,252.0	\$19.12331
BLE IBEW	11,757	\$22.241	261,489.8			
CCP IBEW	12,080	\$21.894	264,481.0			
DMIR IBEW	66,189	\$23.462	1,552,906.0			
DWP IBEW	3,440	\$28.250	97,181.0			
GTW IBEW	32,345	\$23.124	747,930.0			
IC IBEW	202,038	\$22.131	4,471,388.9			
SOO IBEW	109,734	\$21.028	2,307,512.1			
SSAM IBEW	8,822	\$27.280	240,666.0			
WC IBEW	32,417	\$24.643	798,857.0			
zNat'l IBEW	8,602,911	\$21.941	188,754,150.3	\$199,496,562.0	9,081,733.0	\$21.96679
BLE NCFO	3,520	\$19.385	68,234.7			
CCP NCFO	1,872	\$17.285	32,357.0			
DMIR NCFO	0	\$0.000	0.0			
DWP NCFO	0	\$0.000	0.0			
GTW NCFO	31,654	\$18.719	592,522.0			
IC NCFO	84,164	\$18.209	1,532,510.3			
SOO NCFO	70,235	\$17.356	1,219,030.6			
SSAM NCFO	0	0	0.0			
WC NCFO	0	0	0.0			
zNat'l NCFO	4,025,317	\$18.289	73,619,829.8	\$77,064,484.4	4,216,762.0	\$18.27575
zNat'l OTHER	46,935,141	41.063	1,927,308,668.0	\$1,927,308,668.0	46,935,141	\$41.06323
BLE SMW	0	\$0.000	0.0			
CCP SMW	0	\$0.000	0.0			
DMIR SMW	4,773	\$21.454	102,398.0			
DWP SMW	0	\$0.000	0.0			
GTW SMW	0	\$0.000	0.0			
IC SMW	34,897	\$21.729	758,274.3			
SOO SMW	3,527	\$20.136	71,019.5			
SSAM SMW	0	0	0.0			
WC SMW	0	0	0.0			
zNat'l SMW	1,861,600	\$22.661	42,185,307.0	\$43,116,998.8	1,904,797.0	\$22.63601
BLE TCU	27,063	\$24.408	660,559.7			
CCP TCU	26,641	\$21.110	562,392.1			
DMIR TCU	127,992	\$21.236	2,718,035.4			
DWP TCU	6,621	\$23.177	153,457.0			
GTW TCU	307,009	\$21.899	6,723,047.0			
IC TCU	496,008	\$22.909	11,363,005.6			
SOO TCU	478,159	\$22.021	10,529,463.9			
SSAM TCU	0	0	0.0			
WC TCU	122,956	\$24.454	3,006,802.0			
zNat'l TCU	14,831,604	\$21.970	325,847,016.3	\$361,563,779.0	16,424,053.0	\$22.01428
BLE TCU-CAR	42,749	\$21.173	905,119.2			
CCP TCU-CAR	27,278	\$19.914	543,204.0			
DMIR TCU-CAR	63,726	\$21.506	1,370,515.5			
DWP TCU-CAR	18,544	\$21.155	392,290.0			
GTW TCU-CAR	231,738	\$20.966	4,858,667.0			
IC TCU-CAR	563,599	\$21.550	12,145,371.9			
SOO TCU-CAR	294,360	\$20.720	6,099,238.0			
SSAM TCU-CAR	0	\$0.000	0.0			

Year-End 2005 ST Hourly Rates for U.S. (Highly Confidential)

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		As of 12/31/2005				
		2005	ST	ST\$	Total ST\$	Total ST
		ST Hrs Pd	HR	(excl ULS)	(excl ULS)	Hours
						ST Hourly Rate
WC TCU-CAR		289,942	\$16.616	4,817,590.1		
zNat'l TCU-CAR		18,674,018	\$21.166	395,263,304.4	\$426,395,300.0	20,205,954.0
BLE UTU		36,356	\$18.981	690,064.7		
CCP UTU		143,317	\$24.152	3,461,447.0		
DMIR UTU		102,790	\$22.013	2,262,698.3		
DWP UTU		75,479	\$29.856	2,253,496.0		
GTW UTU		594,588	\$29.575	17,585,105.0		
IC UTU		1,438,463	\$24.397	35,093,553.0		
SOO UTU		1,343,813	\$18.542	24,917,166.0		
SSAM UTU		14,080	\$26.001	366,100.0		
WC UTU		642,161	\$25.940	16,657,874.0		
zNat'l UTU		85,803,320	\$20.136	1,727,707,927.0	\$1,830,995,430.9	90,194,367.0
BLE UTU-YMD		0	\$0.000	0.0		
CCP UTU-YMD		0	\$0.000	0.0		
CSX UTU-YMD		1,113,752	\$24.915	27,749,620.4		
DMIR UTU-YMD		0	\$0.000	0.0		
DWP UTU-YMD		0	\$0.000	0.0		
GTW UTU-YMD		65,939	\$27.534	1,815,575.0		
IC UTU-YMD		79,787	\$28.954	2,310,133.0		
SOO UTU-YMD		72,232	\$25.179	1,818,762.4		
SSAM UTU-YMD		0	0	0.0		
UP UTU-YMD		916,077	\$31.615	28,961,610.8		
WC UTU-YMD		44,934	\$31.343	1,408,345.0		
zNat'l UTU-YMD		1,700,909	\$26.651	45,330,637.2	\$109,394,683.8	3,993,630.0
Sum		334,493,612	\$2,591.088	7,996,094,868.853	7,996,094,868.853	334,493,612.0
Total		334,493,612	\$2,591.088			331.04984

Calculations To Get Year-End 2005 ST Hourly Rates for U.S. (Highly Confidential)

Type Ord	Group 1 - COLA or COLA-like increases	2005				(Check by Calculating)				Increases During Year				Full Float		Straight Time Hourly Rate		Check	
		ST Hrs Pd		2005 Avg.		ST-Union/LS		PFTNW		Q1		Q3		12/31/2004		12/31/2005		Avg.	
		0	0	0	0	0	0	0	0	COLA	COLA	COLA	COLA	\$0.000	\$0.000	\$0.000	\$0.000	0.000	0.000
1	BLE IBBM	0	0	0	0	0	0	0	0					\$22.091	\$22.091	\$22.241	\$22.091	22.166	0.000
1	BLE IBEW	11,757	22,166	2,616	0	260,608	30,757	0	0					\$0.000	\$0.000	\$0.000	\$0.000	0.000	0.000
1	BLE SMW	0	0	0	0	0	0	0	0					\$24.258	\$24.258	\$24.408	\$24.258	24.333	0.000
1	BLE TCU	27,063	24,333	6,823	0	658,530	184,657	0	0					\$21.023	\$21.023	\$21.173	\$21.023	21.098	0.000
1	BLE TCU-CAR	42,749	21,098	3,033	0	901,913	129,677	0	0					\$18.831	\$18.831	\$18.981	\$18.831	18.906	0.000
1	BLE UTU	36,356	18,906	5,598	0	687,338	203,533	0	0					\$15.873	\$15.873	\$16.023	\$15.873	15.948	0.000
1	BNSF ATDA	1,195,728	31,836	7,590	0	38,066,709	9,075,370	0	0					\$20.960	\$20.960	\$21.110	\$20.960	21.035	0.000
1	BNSF BLET	18,958,810	15,948	10,186	0	302,346,888	193,119,749	0	0					\$24.765	\$24.765	\$24.915	\$24.765	24.840	0.000
1	CCP TCU	26,641	21,035	3,364	0	560,394	89,626	0	0					\$23.629	\$23.629	\$23.779	\$23.629	23.704	0.000
1	CSX UTU-YMC	1,113,752	24,840	10,379	0	27,666,089	11,559,298	0	0					\$21.304	\$21.304	\$21.454	\$21.304	21.379	0.000
1	DMIR BLET	64,021	23,704	16,828	0	1,517,523	1,077,344	0	0					\$21.086	\$21.086	\$21.236	\$21.086	21.161	0.000
1	DMIR IBBM	6,054	21,055	3,945	0	127,467	23,884	0	0					\$21.356	\$21.356	\$21.506	\$21.356	21.431	0.000
1	DMIR SMW	4,773	21,379	4,234	0	102,040	20,209	0	0					\$21.863	\$21.863	\$22.013	\$21.863	21.938	0.000
1	DMIR TCU	127,992	21,161	4,180	0	2,708,436	535,033	0	0					\$19.972	\$19.972	\$20.122	\$19.972	20.047	0.000
1	DMIR TCU-CAR	63,726	21,431	3,134	0	1,365,736	199,725	0	0					\$20.332	\$20.332	\$20.482	\$20.332	20.407	0.000
1	DMIR UTU	102,790	21,938	14,761	0	2,254,989	1,517,238	0	0					\$21.579	\$21.579	\$21.729	\$21.579	21.654	0.000
1	DMIR UTU-YMC	0	0	0	0	0	0	0	0					\$22.759	\$22.759	\$22.909	\$22.759	22.834	0.000
1	IC BMWE	968,038	20,047	2,319	0	19,405,975	2,245,126	0	0					\$21.400	\$21.400	\$21.550	\$21.400	21.475	0.000
1	IC BRS	204,349	23,271	3,495	0	4,755,351	714,161	0	0					\$30.315	\$30.315	\$30.465	\$30.315	30.390	0.000
1	IC IBBM	56,204	20,407	1,856	0	1,146,960	104,332	0	0					\$19.235	\$19.235	\$19.385	\$19.235	19.310	0.000
1	IC IBEW	202,038	22,056	4,212	0	4,456,236	851,040	0	0					\$18.570	\$18.570	\$18.720	\$18.570	18.625	0.000
1	IC SMW	34,897	21,654	2,572	0	755,657	89,771	0	0					\$21.003	\$21.003	\$21.153	\$21.003	21.078	0.000
1	IC TCU	496,008	22,834	3,908	0	11,325,805	1,938,205	0	0					\$20.592	\$20.592	\$20.742	\$20.592	20.667	0.000
1	IC TCU-CAR	563,599	21,475	2,524	0	12,103,102	1,422,459	0	0					\$22.804	\$22.804	\$22.954	\$22.804	22.879	0.000
1	KCS ATDA	68,395	30,390	6,053	0	2,078,543	413,999	0	0					\$17.206	\$17.206	\$17.356	\$17.206	17.281	0.000
1	SOO BLET	1,094,546	19,310	7,407	0	21,135,417	8,107,405	0	0					\$19.986	\$19.986	\$20.136	\$19.986	20.061	0.000
1	SOO BMWE	935,489	18,625	2,975	0	17,423,926	2,782,940	0	0					\$20.570	\$20.570	\$20.720	\$20.570	20.645	0.000
1	SOO BRS	112,661	21,078	3,280	0	2,374,671	369,509	0	0					\$21.871	\$21.871	\$22.021	\$21.871	21.946	0.000
1	SOO IAM	169,503	20,667	3,197	0	3,503,115	541,937	0	0					\$18.392	\$18.392	\$18.542	\$18.392	18.467	0.000
1	SOO IBBM	64,528	22,879	4,108	0	1,476,337	265,072	0	0					\$25.029	\$25.029	\$25.179	\$25.029	25.104	0.000
1	SOO IBEW	109,734	20,953	2,697	0	2,299,282	295,907	0	0					\$31.465	\$31.465	\$31.615	\$31.465	31.540	0.000
1	SOO NCF	70,235	17,281	1,918	0	1,213,763	134,682	0	0					\$23.457	\$23.457	\$23.607	\$23.457	23.532	0.000
1	SOO SMW	3,527	20,061	3,561	0	70,755	12,560	0	0					\$19.717	\$19.717	\$19.827	\$19.717	19.772	0.000
1	SOO TCU	478,159	21,946	4,522	0	10,493,602	2,162,304	0	0					\$18.821	\$18.821	\$18.971	\$18.821	18.896	0.000
1	SOO TCU-CAR	294,360	20,645	3,743	0	6,077,161	1,101,680	0	0					\$22.511	\$22.511	\$22.661	\$22.511	22.586	0.000
1	SOO UTU	1,343,813	18,467	9,141	0	24,816,380	12,283,563	0	0					\$21.820	\$21.820	\$21.970	\$21.820	21.895	0.000
1	SOO UTU-YMC	72,232	25,104	6,095	0	1,813,345	440,258	0	0					\$21.016	\$21.016	\$21.166	\$21.016	21.091	0.000
1	UP UTU-YMC	916,077	31,540	3,532	0	28,892,905	3,235,197	0	0					\$19.986	\$19.986	\$20.136	\$19.986	20.061	0.000
1	zNat'l BLET	34,755,742	23,532	6,988	0	817,857,073	242,858,443	0	0					\$22.501	\$22.501	\$22.651	\$22.501	22.576	0.000
1	zNat'l BMBE	41,362,345	19,772	3,406	0	817,812,719	140,894,930	0	0					\$21.791	\$21.791	\$21.941	\$21.791	21.866	0.000
1	zNat'l IBBM	2,212,306	18,896	2,625	0	41,804,542	5,807,355	0	0					\$18.139	\$18.139	\$18.289	\$18.139	18.214	0.000
1	zNat'l IBEW	8,602,911	21,866	3,955	0	188,108,932	34,024,531	0	0					\$22.511	\$22.511	\$22.661	\$22.511	22.586	0.000
1	zNat'l NCF	4,025,317	18,214	3,131	0	73,317,931	12,604,285	0	0					\$21.820	\$21.820	\$21.970	\$21.820	21.895	0.000
1	zNat'l SMW	1,861,600	22,586	4,108	0	42,045,687	7,647,763	0	0					\$19.986	\$19.986	\$20.136	\$19.986	20.061	0.000
1	zNat'l TCU	14,831,604	21,895	5,388	0	324,734,646	79,917,769	0	0					\$26.501	\$26.501	\$26.651	\$26.501	26.576	0.000
1	zNat'l TCU-CAR	18,674,018	21,091	3,554	0	393,862,753	66,364,199	0	0					\$20.000	\$20.000	\$20.150	\$20.000	20.075	0.000
1	zNat'l UTU	85,803,320	20,061	7,243	0	1,721,272,678	621,466,419	0	0					\$20.000	\$20.000	\$20.150	\$20.000	20.075	0.000
1	zNat'l UTU-YMC	1,700,909	26,576	6,356	0	45,203,069	10,811,226	0	0					\$20.000	\$20.000	\$20.150	\$20.000	20.075	0.000

Calculations To Get Year-End 2005 ST Hourly Rates for U.S. (Highly Confidential)

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Type Ord	Full Float				(Check by Calculating)				Increases				Straight Time Hourly Rate				Check	
	2005		2005 Avg.		2005		2005		During Year		12/31/2004		1/1/2005		12/31/2005		Avg.	Diff.
	ST Hrs Pd	ST-ULS	PFTNW	PFTNW	ST-UnionLS	PFTNW	Q1	Q1	Q3	Q3	Q3	Q3	Q3	Q3				
Group 1a - GWI but future COLA increases																		
1a	SOO ATDA	85,309	27.447	6.143		2,341,518	524,067							\$27.176	\$27.176	\$27.719	27.447	0.000
1a	zNat'l IAM	11,559,751	20.891	4.444		241,493,685	51,366,947							\$20.633	\$20.633	\$21.149	20.891	0.000
Group 2 - G.W.I. (Pct) mid-year																		
2	BLE IAM	9,693	21.551	2.847		208,895	27,600							\$21.551	\$21.551	\$21.551	21.551	0.000
2	BLE NCFO	3,520	19.103	1.903		67,241	6,699							\$18.820	\$18.820	\$19.385	19.103	0.000
2	CSX ATDA	754,424	32.537	12.943		24,546,743	9,764,600							\$31.977	\$31.977	\$33.097	32.537	0.000
2	DMIR BMWE	0	0	0		0	0							\$0.000	\$0.000	\$0.000	0.000	0.000
2	DMIR IAM	49,046	21.193	3.810		1,039,441	186,878							\$21.193	\$21.193	\$21.193	21.193	0.000
2	DMIR NCFO	0	0	0		0	0							\$0.000	\$0.000	\$0.000	0.000	0.000
2	DWP BMWE	0	0	0		0	0							\$0.000	\$0.000	\$0.000	0.000	0.000
2	GTW BRS	107,952	22.176	3.052		2,393,905	329,465							\$22.176	\$22.176	\$22.176	22.176	0.000
2	GTW NCFO	31,654	18.446	4.106		583,893	129,975							\$18.174	\$18.174	\$18.719	18.446	0.000
2	SSAM BMWE	85,090	18.006	2.852		1,532,152	242,718							\$17.740	\$17.740	\$18.272	18.006	0.000
2	WC BMWE	894,782	19.784	3.109		17,702,779	2,782,017							\$19.492	\$19.492	\$20.077	19.784	0.000
2	WC TCU-CAR	289,942	16.374	2.228		4,747,431	645,855							\$16.132	\$16.132	\$16.616	16.374	0.000
Group 2a - COLA 2005, but future GWI (Pct) mid-year																		
2a	IC IAM	281,970	21.713	2.766		6,122,315	780,003							\$21.713	\$21.713	\$21.713	21.713	0.000
2a	IC NCFO	84,164	18.134	1.465		1,526,198	123,284							\$18.059	\$18.059	\$18.209	18.134	0.000
Group 2b - No info for 2005, future GWI (Pct) mid-year																		
2b	CCP IAM	8,753	21.359	3.491		186,954	30,558							\$21.359	\$21.359	\$21.359	21.359	0.000
2b	CCP NCFO	1,872	17.285	2.711		32,357	5,075							\$16.781	\$17.285	\$17.285	17.285	0.000
2b	CCP TCU-CAR	27,278	19.914	3.885		543,204	105,981							\$19.914	\$19.914	\$19.914	19.914	0.000
2b	WC IAM	39,585	17.616	2.817		697,322	111,505							\$17.616	\$17.616	\$17.616	17.616	0.000
Group 2c - 2005 difficult to assess, but future GWI (Pct) mid-year																		
2c	DWP IAM	3,539	22.010	4.726		77,894	16,726							\$22.010	\$22.010	\$22.010	22.010	0.000
2c	GTW IAM	21,310	21.455	7.165		457,198	152,676							\$21.455	\$21.455	\$21.455	21.455	0.000
Group 2d - No Increases during 2005, but future GWI (Pct) mid-year																		
2d	DWP IBEW	3,440	28.250	5.958		97,181	20,496							\$28.250	\$28.250	\$28.250	28.250	0.000
Group 3 - GWI (Pct) beginning of year																		
3	NS BLET	9,662,056	23.531	6.393		227,356,429	61,766,058							\$22.626	\$23.531	\$23.531	23.531	0.000
Group 3a - No Info 2005, but future GWI (Pct) beginning of year																		
3a	SSAM BRS	0	0	0		0	0							\$0.000	\$0.000	\$0.000	0.000	0.000
3a	WC BRS	105,824	26.426	3.469		2,796,495	367,075							\$26.426	\$26.426	\$26.426	26.426	0.000
Group 4 - No Increases during 2005																		
4	BLE BRS	9,431	21.516	2.755		202,916	25,986							\$21.516	\$21.516	\$21.516	21.516	0.000
4	DWP ATDA	8,148	32.989	6.158		268,796	50,175							\$32.989	\$32.989	\$32.989	32.989	0.000
4	DWP BRS	11,628	26.137	4.199		303,917	48,821							\$26.137	\$26.137	\$26.137	26.137	0.000
4	DWP TCU	6,621	23.177	9.731		153,457	64,427							\$23.177	\$23.177	\$23.177	23.177	0.000
4	DWP TCU-CAR	18,544	21.155	3.311		392,290	61,406							\$21.155	\$21.155	\$21.155	21.155	0.000

Calculations To Get Year-End 2005 ST Hourly Rates for U.S. (Highly Confidential)

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Type Ord		Full Float				(Check by Calculating)				Increases During Year				Straight Time Hourly Rate				Check	
		2005		2005 Avg.		2005		2005		Q1		Q3		12/31/2004		1/1/2005		Avg.	
		ST Hrs Pd	ST-ULS	PFTNW	ST-UnionLS	PFTNW	ST-UnionLS	PFTNW	ST-UnionLS	Q1	Q3	Q1	Q3	12/31/2004	1/1/2005	12/31/2005	12/31/2005	Avg.	Diff.
4	GTW ATDA	28,627	30,761	22,738	880,608	650,922	880,608	650,922	0					\$30,761	\$30,761	\$30,761	\$30,761	30,761	0.000
4	GTW BMWE	442,084	19,667	2,712	8,694,841	1,199,076	8,694,841	1,199,076	0					\$19,667	\$19,667	\$19,667	\$19,667	19,667	0.000
4	GTW IBBM	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
4	GTW IBEW	32,345	23,124	3,561	747,930	115,181	747,930	115,181	0					\$23,124	\$23,124	\$23,124	\$23,124	23,124	0.000
4	GTW SMW	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
4	GTW TCU	307,009	21,899	5,627	6,723,047	1,727,464	6,723,047	1,727,464	0					\$21,899	\$21,899	\$21,899	\$21,899	21,899	0.000
4	GTW TCU-CAR	231,738	20,966	3,525	4,858,667	816,990	4,858,667	816,990	0					\$20,966	\$20,966	\$20,966	\$20,966	20,966	0.000
4	GTW UTU-YMC	65,939	27,534	9,546	1,815,575	629,442	1,815,575	629,442	0					\$27,534	\$27,534	\$27,534	\$27,534	27,534	0.000
4	NS ATDA	845,263	27,274	4,719	23,053,792	3,988,836	23,053,792	3,988,836	0					\$27,274	\$27,274	\$27,274	\$27,274	27,274	0.000
4	zNatl ATDA	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
4	zNatl BRS	10,521,218	23,158	4,818	243,654,222	50,691,637	243,654,222	50,691,637	0					\$23,158	\$23,158	\$23,158	\$23,158	23,158	0.000

Group 5 - No Info - probably non-union (increase same as national non-union)

Type Ord		Full Float				(Check by Calculating)				Increases During Year				Straight Time Hourly Rate				Check	
		2005		2005 Avg.		2005		2005		Q1		Q3		12/31/2004		1/1/2005		Avg.	
		ST Hrs Pd	ST-ULS	PFTNW	ST-UnionLS	PFTNW	ST-UnionLS	PFTNW	ST-UnionLS	Q1	Q3	Q1	Q3	12/31/2004	1/1/2005	12/31/2005	12/31/2005	Avg.	Diff.
5	BLE ATDA	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	BLE BLET	21,837	21,846	8,654	477,054	188,984	477,054	188,984	0					\$21,846	\$21,846	\$21,846	\$21,846	21,846	0.000
5	BLE BMWE	64,328	19,077	2,942	1,227,215	189,238	1,227,215	189,238	0					\$19,077	\$19,077	\$19,077	\$19,077	19,077	0.000
5	BLE UTU-YMC	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	CCP ATDA	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	CCP BMWE	169,631	20,168	2,371	3,421,138	402,169	3,421,138	402,169	0					\$20,168	\$20,168	\$20,168	\$20,168	20,168	0.000
5	CCP BRS	30,011	23,164	2,759	695,162	82,812	695,162	82,812	0					\$23,164	\$23,164	\$23,164	\$23,164	23,164	0.000
5	CCP IBBM	160	21,9563	0,875	3,513	140	3,513	140	0					\$21,956	\$21,956	\$21,956	\$21,956	21,956	0.000
5	CCP IBEW	12,080	21,894	4,664	264,481	56,344	264,481	56,344	0					\$21,894	\$21,894	\$21,894	\$21,894	21,894	0.000
5	CCP SMW	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	DMIR ATDA	9,068	36,233	4,379	328,557	39,708	328,557	39,708	0					\$36,233	\$36,233	\$36,233	\$36,233	36,233	0.000
5	DMIR BRS	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	DMIR IBEW	66,189	23,462	3,193	1,552,906	211,319	1,552,906	211,319	0					\$23,462	\$23,462	\$23,462	\$23,462	23,462	0.000
5	DWP IBBM	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	DWP NCFO	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	DWP SMW	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	SSAM ATDA	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	SSAM IAM	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	SSAM IBBM	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	SSAM IBEW	8,822	27,280	3,110	240,866	27,434	240,866	27,434	0					\$27,280	\$27,280	\$27,280	\$27,280	27,280	0.000
5	SSAM NCFO	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	SSAM SMW	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	SSAM TCU	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	SSAM TCU-CAR	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	SSAM UTU-YMC	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	WC ATDA	58,179	41,527	3,491	2,415,976	203,119	2,415,976	203,119	0					\$41,527	\$41,527	\$41,527	\$41,527	41,527	0.000
5	WC IBBM	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	WC IBEW	32,417	24,643	3,177	798,857	102,980	798,857	102,980	0					\$24,643	\$24,643	\$24,643	\$24,643	24,643	0.000
5	WC NCFO	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	WC SMW	0	0	0	0	0	0	0	0					\$0,000	\$0,000	\$0,000	\$0,000	0,000	0.000
5	WC TCU	122,956	24,454	3,113	3,006,802	382,784	3,006,802	382,784	0					\$24,454	\$24,454	\$24,454	\$24,454	24,454	0.000
5	WC UTU-YMC	44,934	31,343	1,014	1,408,345	45,555	1,408,345	45,555	0					\$31,343	\$31,343	\$31,343	\$31,343	31,343	0.000

Calculations To Get Year-End 2005 ST Hourly Rates for U.S. (Highly Confidential)

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Type Ord	2005		Full Float		(Check by Calculating)		Increases			Straight Time Hourly Rate		Check		
	ST Hrs Pd	2005 Avg.	ST-ULS	PFTNW	ST-UnionLS	PFTNW	During Year			12/31/2004	1/1/2005			
							Q1	Q3	Q3					
Group 6 - No ST hours and No Info														
Group 7 - Difficult to assess because new contract changes work rules (use year's average)														
7	CCP	BLET	107,898	26,664	7,176	2,876,998	774,240			\$26,664	\$26,664	26,664	0.000	
7	CCP	UTU	143,317	24,152	6,610	3,461,447	947,366			\$24,152	\$24,152	24,152	0.000	
7	DWP	BLET	66,739	33,165	6,894	2,213,367	460,066			\$33,165	\$33,165	33,165	0.000	
7	DWP	UTU	75,479	29,856	9,235	2,253,496	697,079			\$29,856	\$29,856	29,856	0.000	
7	GTW	BLET	428,921	33,191	8,465	14,236,192	3,630,704			\$33,191	\$33,191	33,191	0.000	
7	GTW	UTU	594,588	29,575	7,993	17,585,105	4,752,381			\$29,575	\$29,575	29,575	0.000	
7	IC	BLET	920,755	27,644	6,098	25,453,365	5,615,204			\$27,644	\$27,644	27,644	0.000	
7	IC	UTU	1,438,463	24,397	5,900	35,093,553	8,487,133			\$24,397	\$24,397	24,397	0.000	
7	SSAM	BLET	14,474	25,402	4,093	367,664	59,236			\$25,402	\$25,402	25,402	0.000	
7	SSAM	UTU	14,080	26,001	4,571	366,100	64,353			\$26,001	\$26,001	26,001	0.000	
7	WC	BLET	553,569	25,3429	6,678	14,029,071	3,696,589			\$25,343	\$25,343	25,343	0.000	
7	WC	UTU	642,161	25,9403	5,748	16,657,874	3,690,917			\$25,940	\$25,940	25,940	0.000	
Group 8 - Non-union (increase same as most unions)														
8	CCP	UTU-YMC	0	0	0	0	0	3.00%		\$0.000	\$0.000	0.000	0.000	
8	DWP	UTU-YMC	0	0	0	0	0	3.00%		\$0.000	\$0.000	0.000	0.000	
8	IC	ATDA	78,159	33,437	3,206	2,613,410	250,564	3.00%		\$33,437	\$33,437	33,437	0.000	
8	IC	UTU-YMC	79,787	28,954	9,386	2,310,133	748,873	3.00%		\$28,954	\$28,954	28,954	0.000	
8	UP	ATDA	1,249,234	32,838	0.089	41,022,023	110,888	3.00%		\$32,838	\$32,838	32,838	0.000	
8	zNatl	OTHER	46,935,141	41,063	1.309	1,927,308,668	61,426,017	3.00%		\$41,063	\$41,063	41,063	0.000	
Check	Sum		334,493,612	2,585.23	539.42	7,974,853,404	1,766,575,944	0.000	1.240	7.270	0.320	2,591,088	2,585,234	0.000
	Total		334,493,612			7,974,853,404	1,766,575,944					(these are merely check sums)		

Railroad Retirement and Medicare Annual Taxes Benchmark

Empl Rcvg Pay 170,499 AAR's 2005 112-Class Summary

Tier I Maximum \$90,000 from RRB for 2005

Tier II Maximum \$66,900 from RRB for 2005

Medicare Max. no limit

Tier I Tax Rate 6.20%

Tier II Tax Rate 12.60% from RRB for 2005

Medicare Rate 1.45%

USA	ST+PFTNW		Railroad		(Informational only) Hourly Rate
	Rate	Factor	Ret. Tax		
2004	\$28.151				
2005	\$28.884	1.02604	\$510,710,802	6.169	Hourly rate from SUPPL2005

Sources: 2004 Gross Earnings file from the Railroad Retirement Board and AAR's 2005 112-Class Wage Statistics.

Railroad Retirement and Medicare, USA for RCAF

Annual Earnings Groups	Percent of Total Employees	2005 Employees	2005 Receiving Pay	Avg Annual Earnings From 2004 RRB Stats	Est Avg Ann Earnings	Avg Qlty Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Emgs	Tier II Tot Tax Emgs	Medicare Tot Tax Emg
				RRB Data	RRB Data x Factor		2005	2005	2005	2005	2005	2005
\$0 - 21699	0.442	754		\$12,023	\$12,336	\$3,084	3,084	\$3,084	\$3,084	\$2,324,130	\$2,324,130	\$2,324,130
21700 - 23699	0.147	251		\$22,279	\$22,859	5,715	5,715	5,715	5,715	1,432,314	1,432,314	1,432,314
23700 - 25699	0.098	167		\$24,280	\$24,912	6,228	6,228	6,228	6,228	1,040,639	1,040,639	1,040,639
25700 - 27699	0.147	251		\$26,084	\$26,763	6,691	6,691	6,691	6,691	1,676,938	1,676,938	1,676,938
27700 - 29699	0.393	670		\$28,966	\$29,720	7,430	7,430	7,430	7,430	4,978,591	4,978,591	4,978,591
29700 - 31699	0.393	670		\$30,903	\$31,708	7,927	7,927	7,927	7,927	5,311,517	5,311,517	5,311,517
31700 - 33699	0.442	754		\$32,523	\$33,370	8,342	8,342	8,342	8,342	6,286,924	6,286,924	6,286,924
33700 - 35699	0.982	1,674		\$34,820	\$35,727	8,932	8,932	8,932	8,932	14,954,283	14,954,283	14,954,283
35700 - 37699	1.081	1,843		\$36,792	\$37,750	9,437	9,437	9,437	9,437	17,394,199	17,394,199	17,394,199
37700 - 39699	2.407	4,104		\$38,771	\$39,781	9,945	9,945	9,945	9,945	40,813,933	40,813,933	40,813,933
39700 - 41699	3.684	6,281		\$40,821	\$41,884	10,471	10,471	10,471	10,471	65,770,117	65,770,117	65,770,117
41700 - 43699	5.059	8,626		\$42,623	\$43,733	10,933	10,933	10,933	10,933	94,304,854	94,304,854	94,304,854
43700 - 45699	6.336	10,803		\$44,646	\$45,808	11,452	11,452	11,452	11,452	123,715,205	123,715,205	123,715,205
45700 - 47699	5.648	9,630		\$46,659	\$47,874	11,968	11,968	11,968	11,968	115,253,857	115,253,857	115,253,857
47700 - 49699	5.010	8,542		\$48,690	\$49,958	12,489	12,489	12,489	12,489	106,684,876	106,684,876	106,684,876
49700 - 51699	4.371	7,453		\$50,748	\$52,069	13,017	13,017	13,017	13,017	97,011,918	97,011,918	97,011,918
51700 - 53699	4.322	7,369		\$52,763	\$54,137	13,534	13,534	13,534	13,534	99,733,164	99,733,164	99,733,164
53700 - 55699	4.273	7,285		\$54,568	\$55,989	13,997	13,997	13,997	13,997	101,975,603	101,975,603	101,975,603
55700 - 57699	4.077	6,951		\$56,625	\$58,099	14,525	14,525	14,525	14,525	100,965,798	100,965,798	100,965,798
57700 - 59699	3.487	5,945		\$58,558	\$60,083	15,021	15,021	15,021	15,021	89,302,484	89,302,484	89,302,484
59700 - 61699	3.978	6,782		\$60,811	\$62,394	15,599	15,599	15,599	15,599	105,796,738	105,796,738	105,796,738
61700 - 63699	3.094	5,275		\$62,674	\$64,306	16,076	16,076	16,076	16,076	84,807,269	84,807,269	84,807,269
63700 - 65699	3.684	6,281		\$64,677	\$66,361	16,590	16,590	16,590	16,590	104,206,508	104,206,508	104,206,508
65700 - 67699	3.045	5,192		\$66,763	\$68,501	17,125	17,125	17,125	17,125	88,909,567	88,909,567	88,909,567
67700 - 69699	3.536	6,029		\$68,663	\$70,451	17,613	17,613	17,613	17,613	106,184,319	106,184,319	106,184,319
69700 - 71699	2.701	4,605		\$70,716	\$72,557	18,139	18,139	18,139	18,139	77,021,602	77,021,602	77,021,602
71700 - 73699	2.210	3,768		\$72,765	\$74,660	18,665	18,665	18,665	18,665	63,020,267	63,020,267	63,020,267
73700 - 75699	2.259	3,852		\$74,718	\$76,664	19,166	19,166	19,166	19,166	73,818,773	73,818,773	73,818,773
75700 - 77699	2.014	3,434		\$76,805	\$78,805	19,701	19,701	19,701	19,701	67,651,015	67,651,015	67,651,015
77700 - 79699	1.424	2,428		\$78,562	\$80,608	20,152	20,152	20,152	20,152	48,926,920	48,926,920	48,926,920
79700 - 81699	1.424	2,428		\$80,845	\$82,950	20,738	20,738	20,738	20,738	50,348,729	50,348,729	50,348,729
81700 - 83699	1.768	3,014		\$82,696	\$84,949	21,212	21,212	21,212	21,212	63,942,869	63,942,869	63,942,869
83700 - 85699	1.621	2,764		\$84,537	\$86,738	21,685	21,685	21,685	21,685	59,931,507	59,931,507	59,931,507
85700 - 87699	1.621	2,764		\$86,720	\$88,978	22,245	22,245	22,245	22,245	61,479,119	61,479,119	61,479,119
87700 - 89699	1.916	3,267		\$88,564	\$90,870	22,718	22,718	22,718	22,718	54,636,575	54,636,575	54,636,575
89700 - 91699	0.884	1,507		\$90,772	\$93,136	22,500	22,500	22,500	22,500	33,912,251	33,912,251	33,912,251
91700 - 93699	1.031	1,758		\$92,678	\$95,091	23,773	23,773	23,773	23,773	25,208,107	25,208,107	25,208,107
93700 - 95699	0.688	1,173		\$94,631	\$97,095	24,274	24,274	24,274	24,274	39,551,506	39,551,506	39,551,506
95700 - over	8.303	14,157		\$128,358	\$131,700	32,925	32,925	32,925	32,925	26,393,245	26,393,245	26,393,245
TOTAL	100.000	170,499								\$2,652,680,530	\$2,425,005,940	\$2,806,473,176

Tax Rate	6.20%
Payment	\$184,466,193
Total Tier I & II Medicare	\$305,550,748
	\$510,710,802

Note: The Railroad Retirement Board supplies raw data enabling an earnings distribution and average earnings.

RRB 2004 EARNINGS DATA

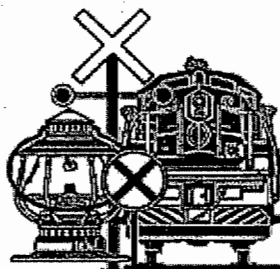
Annual Salary Range	Number of Employees	Gross Salary	Group		Cumulative Employees	Cumulative Salary	Average Salary (Cumulative)	Cumulative % Total Employment
			Average Salary (Group)	Employment % Total Employment				
\$ 0 TO \$21,699	9	\$108,206	\$12,023	0.442	9	\$108,206	\$12,023	0.442
\$21,700 TO \$23,699	3	\$66,837	\$22,279	0.147	12	\$175,043	\$14,587	0.589
\$23,700 TO \$25,699	2	\$48,560	\$24,280	0.098	14	\$223,603	\$15,972	0.688
\$25,700 TO \$27,699	3	\$78,251	\$26,084	0.147	17	\$301,854	\$17,756	0.835
\$27,700 TO \$29,699	8	\$231,731	\$28,966	0.393	25	\$533,585	\$21,343	1.228
\$29,700 TO \$31,699	8	\$247,225	\$30,903	0.393	33	\$780,810	\$23,661	1.621
\$31,700 TO \$33,699	9	\$292,709	\$32,523	0.442	42	\$1,073,519	\$25,560	2.063
\$33,700 TO \$35,699	20	\$696,407	\$34,820	0.982	62	\$1,769,926	\$28,547	3.045
\$35,700 TO \$37,699	22	\$809,424	\$36,792	1.081	84	\$2,579,350	\$30,707	4.126
\$37,700 TO \$39,699	49	\$1,899,772	\$38,771	2.407	133	\$4,479,122	\$33,678	6.532
\$39,700 TO \$41,699	75	\$3,061,577	\$40,821	3.684	208	\$7,540,699	\$36,253	10.216
\$41,700 TO \$43,699	103	\$4,390,220	\$42,623	5.059	311	\$11,930,919	\$38,363	15.275
\$43,700 TO \$45,699	129	\$5,759,329	\$44,646	6.336	440	\$17,690,248	\$40,205	21.611
\$45,700 TO \$47,699	115	\$5,365,750	\$46,659	5.648	555	\$23,055,998	\$41,542	27.259
\$47,700 TO \$49,699	102	\$4,966,350	\$48,690	5.010	657	\$28,022,348	\$42,652	32.269
\$49,700 TO \$51,699	89	\$4,516,595	\$50,748	4.371	746	\$32,538,943	\$43,618	36.640
\$51,700 TO \$53,699	88	\$4,643,138	\$52,763	4.322	834	\$37,182,081	\$44,583	40.963
\$53,700 TO \$55,699	87	\$4,747,391	\$54,568	4.273	921	\$41,929,472	\$45,526	45.236
\$55,700 TO \$57,699	83	\$4,699,895	\$56,625	4.077	1,004	\$46,629,367	\$46,444	49.312
\$57,700 TO \$59,699	71	\$4,157,633	\$58,558	3.487	1,075	\$50,787,000	\$47,244	52.800
\$59,700 TO \$61,699	81	\$4,925,670	\$60,811	3.978	1,156	\$55,712,670	\$48,194	56.778
\$61,700 TO \$63,699	63	\$3,948,479	\$62,674	3.094	1,219	\$59,661,149	\$48,943	59.872
\$63,700 TO \$65,699	75	\$4,850,739	\$64,677	3.684	1,294	\$64,511,888	\$49,855	63.556
\$65,700 TO \$67,699	62	\$4,139,328	\$66,763	3.045	1,356	\$68,651,216	\$50,628	66.601
\$67,700 TO \$69,699	72	\$4,943,738	\$68,663	3.536	1,428	\$73,594,954	\$51,537	70.138
\$69,700 TO \$71,699	55	\$3,889,406	\$70,716	2.701	1,483	\$77,484,360	\$52,248	72.839

RRB 2004 EARNINGS DATA

Annual Salary Range	Number of Employees	Gross Salary	Group		Cumulative Employees	Cumulative Salary	Average Salary (Cumulative)	Cumulative % Total Employment
			Average Salary (Group)	% Total Employment				
\$71,700 TO \$73,699	45	\$3,274,424	\$72,765	2.210	1,528	\$80,758,784	\$52,853	75.049
\$73,700 TO \$75,699	46	\$3,437,030	\$74,718	2.259	1,574	\$84,195,814	\$53,492	77.308
\$75,700 TO \$77,699	41	\$3,149,024	\$76,805	2.014	1,615	\$87,344,838	\$54,083	79.322
\$77,700 TO \$79,699	29	\$2,278,293	\$78,562	1.424	1,644	\$89,623,131	\$54,515	80.747
\$79,700 TO \$81,699	29	\$2,344,494	\$80,845	1.424	1,673	\$91,967,625	\$54,972	82.171
\$81,700 TO \$83,699	36	\$2,977,056	\$82,696	1.768	1,709	\$94,944,681	\$55,556	83.939
\$83,700 TO \$85,699	33	\$2,789,709	\$84,537	1.621	1,742	\$97,734,390	\$56,105	85.560
\$85,700 TO \$87,699	33	\$2,861,747	\$86,720	1.621	1,775	\$100,596,137	\$56,674	87.181
\$87,700 TO \$89,699	39	\$3,454,013	\$88,564	1.916	1,814	\$104,050,150	\$57,360	89.096
\$89,700 TO \$91,699	18	\$1,633,901	\$90,772	0.884	1,832	\$105,684,051	\$57,688	89.980
\$91,700 TO \$93,699	21	\$1,946,248	\$92,678	1.031	1,853	\$107,630,299	\$58,084	91.012
\$93,700 TO \$95,699	14	\$1,324,839	\$94,631	0.688	1,867	\$108,955,138	\$58,358	91.699
\$95,700 AND OVER	169	\$21,692,439	\$128,358	8.301	2,036	\$130,647,577	\$64,169	100.000
TOTAL	2,036	\$130,647,577	\$64,169	100.000	2,036	\$130,647,577	\$64,169	100.000

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No. 04-10

For Immediate Release
December 2004

Year 2005 Railroad Retirement and Unemployment Insurance Taxes

The amounts of compensation subject to railroad retirement tier I and tier II payroll taxes will increase in 2005. However, the tier I tax rate on employees and employers remains unchanged. Under the Railroad Retirement and Survivors' Improvement Act of 2001, tier II tax rates are now determined annually by an average account benefits ratio. Based on this ratio, the tier II tax rate on both employees and employers will decrease in 2005. Railroad unemployment insurance tax rates paid by employers will continue to include a 1.5 percent surcharge in 2005.

Tier I and Medicare Tax.--The railroad retirement tier I payroll tax rate on covered rail employees and employers for the year 2005 remains at 7.65 percent. The railroad retirement tier I tax rate is the same as the social security tax, and for withholding and reporting purposes is divided into 6.20 percent for retirement and 1.45 percent for Medicare hospital insurance. The maximum amount of an employee's earnings subject to the 6.20 percent rate will increase to \$90,000 in 2005 from \$87,900 in 2004, but there is no maximum on earnings subject to the 1.45 percent Medicare rate. The increase in the amount of earnings subject to railroad retirement and social security taxes is based on indexing to increases in average national wages.

Tier II Tax.--The railroad retirement tier II tax rate on employees will decrease by 0.5 percent, from 4.9 percent to 4.4 percent in 2005, and the rate on employers will also decrease by 0.5 percent, from 13.1 percent to 12.6 percent. The maximum amount of earnings subject to railroad retirement tier II taxes, however, will increase to \$66,900 in 2005 from \$65,100 in 2004. Tier II tax rates under the 2001 Railroad Retirement and Survivors' Improvement Act are based on an average account benefits ratio reflecting railroad retirement fund levels. Depending on this ratio, the tier II tax rate for employers can range between 8.2 percent and 22.1 percent, while the tier II rate for employees can be between 0 percent and 4.9 percent.

Unemployment Insurance Tax.--Employers, but not employees, also pay railroad unemployment insurance taxes, which are experience-rated by employer. The basic tax rate range from a minimum of 0.65 percent to a maximum of 12 percent on monthly earnings up

to \$1,150 in 2005, up from \$1,130 in 2004. However, the Railroad Unemployment Insurance Act also provides for a surcharge in the event the Railroad Unemployment Insurance Account balance falls below an indexed threshold amount, and such a surcharge of 1.5 percent applied in 2004. Since the accrual balance of the Railroad Unemployment Insurance Account was \$98.6 million on June 30, 2004, which was less than the indexed threshold of \$112.9 million, a surcharge of 1.5 percent will again be added to the basic tax rates in 2005, but will not increase the maximum 12 percent rate.

The unemployment insurance tax rates on railroad employers in 2005 therefore will range from 2.15 percent (the minimum basic rate of 0.65 percent plus the 1.5 percent surcharge) to a maximum of 12 percent on monthly compensation up to \$1,150.

The 1.5 percent surcharge will not apply to new employers in 2005, and new employers will initially pay a tax rate of 3.43 percent, which represents the average rate paid by all employers in the period 2001-2003.

For 77 percent of covered employers, the unemployment insurance rate assessed will be 2.15 percent in 2005.

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AAR 2005 Final 112-Class Wage Statistics U.S.

Union	Employees	Straight Time		PFTNW	Union Lump
	Paid	Hours	Comp.	Comp.	Sums
UTU	44,748	90,194,367	\$1,825,366,789	\$654,109,982	\$917,829
TCU	9,605	16,424,053	364,269,952	87,002,269	3,905,233
BLET	29,096	66,649,368	1,511,496,099	521,354,022	81,629,058
SMW	1,078	1,904,797	42,974,139	7,770,303	0
BRS	5,958	11,103,074	257,267,875	52,629,466	91,236
BMWE	25,221	44,921,797	887,429,972	150,738,214	209,227
TCU-CAR	11,142	20,205,954	424,972,679	70,847,972	120,422
NCFO	2,400	4,216,762	76,867,417	13,004,000	126,034
IAM	6,840	12,143,150	254,305,740	53,214,830	518,921
IBBM	1,259	2,339,252	44,803,446	6,200,783	244,627
IBEW	5,025	9,081,733	198,893,592	35,735,989	66,513
ATDA	2,522	4,380,534	143,012,091	25,072,248	5,395,416
UTU-YMD	2,331	3,993,630	110,858,820	27,469,849	1,749,359
OTHER	23,274	46,935,141	1,927,308,668	61,426,017	
Total	170,499	334,493,612	\$8,069,827,279	\$1,766,575,944	\$94,973,875
ST Comp less Union Lump Sums			\$7,974,853,404		

Checks

Matches	Matches	Matches	Matches
Total including non-union			\$328,836,610
US vs E + W check			0